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NEAR EAST/SOUTH ASIA REPORT

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AGENDA OF FORTHCOMING FLN GENERAL CONGRESS REVIEWED

London AL-HAWADITH in Arabic No 1395, 29 Jul 83 p 24

[Article by Salih al-Sa'id: "Congress of Information and Year 2000; Containment of Brotherhood, Entrenchment of Arabic, Development of Information and Making Polygamy Difficult"]

[Text] The annual summer vacation of the Algerian political class will be short this year. In fact, some party officials will not be able to take their vacation because of work in preparation for the National Liberation Front Congress, which is scheduled, according to reliable sources, to be held in the second half of next December.

A preparatory committee has been formed and several subcommittees have flowed from this committee to prepare the reports and documents pertaining to the congress. The activities of these committees are supervised by Mohamed Cherif Messaadia, the official in charge of the Permanent Secretariat of the party's Central Committee. Party, government and military officials are participating in the activities of these committees. The issues that will be discussed at the forthcoming congress fall into four categories: Economic issues, internal political issues, external political issues and cultural and social issues.

1. Economic issues: These are led by a review of data on the private sector and the situation this sector finds itself in the wake of the measures taken by the government in recent months, measures that we have discussed in detail in previous articles. It is expected that the congress will encourage these steps and will discuss conditions facilitating the monitoring and guidance of this sector. The private sector question is not confined to trade and tourism but also includes the agricultural and industrial spheres, in view of the fact that a special investment law has been issued to encourage even foreign capital to invest in some spheres, provided it does so in partnership with an Algerian citizen. This is similar to what is happening in the Gulf states. Meanwhile, the National People's Assembly is still discussing the bill concerning the ownership of cultivable land. This bill seeks to reclaim the desert lands by turning ownership over to farmers.

The Economy and Planning Committee, headed by Minister of Planning Abdelhamid Brahimi, has announced the outlines of a medium- and long-range economic strategy that takes into consideration two basic factors:

1. The great democratic [presumably "demographic"] development by the year 2000.
2. The short life expectancy of Algerian oil, which will not last long after the end of the century.
2. Internal issues: These are led, of course, by the question of determining the party candidate for the presidency. In this respect, all the given facts confirm, despite the Algerian officials' reluctance to discuss this matter, that the congress will ask President Chadli Bendjedid to nominate himself again.

The congress will also discuss the issue of the purge, and it might demand an acceleration of this purge so as to free the Algerian administration completely of the bureaucratic deficiencies and other maladies from which it has been suffering for years and which have emerged as a result of the expansion of this administration over a short period of time. There is no doubt that an evaluation of conditions in the preceding phase brings out the following facts:

The gradual but final entrenchment of the Arabic language, especially following integration of the new, and totally Arabized, generations into public life.

The decline of the Berber political tendency which was active 3 years ago. Credit for this decline goes to the fact that the government's position on this issue was decisive while at the same time being flexible, considering that "Berberism" is one of the components of the popular culture. It is on this basis that the Berber language is taught at some universities.

Containment of Muslim Brotherhood groups following the successful information and security confrontation conducted against them. However, caution concerning these groups persists in some political circles and among some social segments.

The removal of the "partisan" leftist elements belonging to an old underground party, namely, the Socialist Vanguard Party, from popular organization. These elements were able to infiltrate the organizations as a result of the Liberation Front Party's opening up prior to the death of Boumedienne and during preparations for the party's fourth congress. It is the view of the current leadership that the Liberation Front Party is not a coalition front, as some people believe, similar to the Socialist Union of Egypt, but a party in every sense of the word. It is also the leadership's view that ideological harmony must be achieved and preserved in the party. Even though this step has prompted the (communist) Socialist Vanguard Party to engage in moves opposed to the regime, the regime is not at all concerned. According to what an Algerian official has said, "The Algerian communists do not constitute a

party. Rather, they are a group or, at best, small groups that are the captive of a certain circle. For intrinsic and historical reasons, these groups receive only limited response in some youth and labor circles. However, it is not unlikely that they will be dealt a new blow if they persist in intensifying their tone of opposition."

It is expected that the congress will approve the plan to restructure the party--a plan already under way--to give the Liberation Front Party greater ability to move and to act. There are numerous, and conflicting, statements about increasing or reducing the number of Central Committee members.

3. Cultural and social issues: These are covered in four points:

Information: President Chadli Bendjedid has underlined the importance of information and has criticized some of its aspects. Some officials go so far as to consider information as lagging behind the country's political and economic situation, maintaining that fundamental changes must be introduced into the media to enable it to keep pace with the country's development.

Education: Democratization of education and the linking of education to the country's economic needs.

Youth: Provision of training, and recreation, opportunities to prevent the spread of social diseases among the youth.

Family. The party's Central Committee has already issued a number of general regulations concerning the country's personal statute bill. These regulations underline adherence to Islam as a source of legislation while taking into consideration developments of the times and of society. One of the controversial points in this bill is the issue of polygamy. Even though the bill does not prohibit polygamy, it has set difficult conditions for it, including approval of the marriage by the old wife and the new wife.

4. Foreign policy issues: Latest developments in the Sahara issue and possible solutions will be discussed, of course. President Chadli will receive great support for what he has accomplished in this regard and for his entire Arab Maghreb policy. Naturally, the situation in Chad and in the Middle East and the relationship with the two superpowers will also be discussed. The relationship with France, which has grown since Francois Mitterrand's assumption of power and which has not turned tense despite the criticism directed by the Algerian press against the French intervention in Chad, will be the subject of special discussion.

The development of economic relations with France has strengthened French culture and some Francophone elements in Algeria, thus arousing the sensitivity of some who are enthusiastic for Arabic. Regarding this issue, one official has said: The observation may be correct, and this is normal. It has been proven to us that to disregard France in the current situation is not in our interest. There are common interests and there are political and technological factors that enhance French-Algerian cooperation. But this does not mean that the balance is tipped in favor of France. We proceed from the

premise of our interests. We have taken firm positions when necessary. Believe me, there is nothing to be feared from this relationship as long as our generation, the generation of the November revolution, is still alive.

The forthcoming congress will not be similar to the fourth congress of 1979 or to the special congress that was held in its wake. The fourth congress was concerned with the succession to Boumedienne, with all its complications. The special congress was of an economic nature. Between the fourth congress and the present [forthcoming] congress, numerous developments have occurred. Officials refuse to call these developments an estrangement, a retreat or even a change. This is continuity coupled with reexamination and streamlining. Criticizing this or that aspect does not mean estrangement or abandonment of the previous policy. The fourth congress, convened after Boumedienne's death, was the congress of Boumedienne and Chadli Bendjedid. The forthcoming congress is Bendjedid's congress. This does not mean that it will criticize the previous phase, but it will map out the coming phase, according to a Central Committee member who added, after noticing my glances at Boumedienne's picture, which was sitting opposite President Chadli Bendjedid's picture at his office: "We cannot educate past generations without loyalty. President Chadli reaffirms on every occasion that he is responsible for past mistakes in the Boumedienne era because he was in the leadership then. Criticizing these mistakes does not constitute a retreat or a shirking of this responsibility."

The next congress may not be a decisive congress, as some people imagine. But it will be a congress of information and it will leave its imprint on the future of Algeria.

8494

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EGYPT

BRIEFS

FOREIGN REMITTANCES—An AL-AHRAM correspondent has learned that the Egyptian-Iraqi economic agreement organizing remittances by Egyptians working in Iraq and channeling them through public-sector banks will enable the commercial banks group to provide all the allocations necessary to finance the import needs of both public and private industrial sectors. The agreement will provide for the commercial banks group a sum of \$400 million monthly which the Iraqi Al-Rafidayn bank will transfer to Egypt—that is more than \$4 billion annually—whereas what is obtained from Egyptians working in Iraq through the traditional channels at present does not exceed \$1.5 billion. [Text]
PM231258 Cairo AL-AHRAM in Arabic 20 Aug 83 p 1]

CSO: 4500/260

REGIME'S POLITICAL LEGITIMACY, ECONOMIC STRENGTH CHALLENGED

[Place of Publication Unknown], AL-INQADH in Arabic No 3, Mar 83 pp 58-67

[Article by al-Mahdi Yahya al-Maqruni: "Libyan Regime Facing a Crisis of Political Legitimacy and a Gradual Economic Squeeze Whether It Turns to the West or the East;" AL-INQADH in Arabic; monthly organ of the National Front for the Salvation of Libya]

[Text] Libya's military regime is facing a crisis of political legitimacy that is bound to have economic consequences on the country. This crisis will undoubtedly lead either to the fall of the regime or to its overthrow. The fall of the regime would be brought about by factions of the popular opposition in the country and by the opposition movement's operatives abroad. This, of course, includes nationalists in the armed forces. The regime would be overthrown by a certain foreign power or by an alliance of several foreign powers who think the Libyan regime has become burdensome. These foreign powers would not overthrow the regime out of sympathy with our people or because they realize the tragedy that our society has been going through all this time.

There is absolutely no doubt about the fact that all factions of the national opposition, our people in the country and our nationalists in the armed forces, wish, would like to and are trying to take action in an operation that would bring about the fall of the regime, not its overthrow. That action they would like to take would be organized by the military or by civilians. It would be an alliance between two groups; or it would be a tempestuous, spontaneous action undertaken by ordinary Libyans. The difference between the fall of the regime and its overthrow is vast and so are the consequences.

In this article I will try to explain the crisis of the Libyan regime's legitimacy and the consequences of that crisis on the military regime in Libya. I will try to explain that on the basis of what I read and on the basis of my analysis of present international conditions, of local, Arab reality and of domestic reality in Libya. I will try to explain how that crisis began, where it will end and what are its indicators and its background. In a future article, God willing, I will tackle the notion of "the fall of the regime" and that of "the overthrow of the regime." I will also tackle the ongoing race between the forces that are for "the fall of the regime"--and these forces are made up of all our people, all the organized and non-organized factions of the national opposition, civilian, military or a mix of the two, in addition to national independent individuals and figures--and the forces that are for "the overthrow of the regime." The

[latter] forces are foreign forces--western, eastern, Arab forces, or an alliance between one of them and the other or between some of them. It is my opinion, because of objective, historical, international and economic inferences, that the military regime in Libya is on its way, sooner or later, to political and an economic collapse.

The Regime and Its International Relations: a Search for Legitimacy

The background of the Libyan regime's relations reflects to a large degree what has been going on in the history of the developing countries of the Third World, particularly those that have military, Fascist and dictatorial regimes. Developing countries of the Third World also have clannish, tribal regimes or single party regimes that are based on a small or specific group of people bound together by family ties, by friendship, by professional [association] or by close acquaintance only. Such a group of people [usually] believe that the masses share their principles.

These regimes are always searching for legitimacy, regardless of how they describe themselves: left-wing revolutionaries, center, right-wing conservatives or any other description that is yet unknown in the jargon of politics. They try everything to hold on to the position of ruling their people until the last possible moment.

There is, of course, nothing extraordinary or abnormal about a regime that tries to establish and earn its legitimacy. That is, of course, the function of every political regime. Most political regimes in the advanced world exist because they are legitimate. However, what is extraordinary in this process is the fact that most countries, if not all Third World countries in Latin America, in Asia and in Africa soon lose their "internal legitimacy" and begin ruling their people by using fire and brimstone, intelligence agencies, torture, prison, kidnapping and assassination. Then they begin the physical elimination of those they consider their adversaries, real or imaginary.

These Fascist regimes soon realize quite well that they have lost their domestic backing and their legitimate identity. Therefore, they look beyond their borders to gain the legitimacy they need to survive. They turn to the international scene first, that is to the superpowers; and then they turn to the region, to countries [in their region] that are in the orbit of the superpowers or to friendly countries. This is what is happening with Libya and with some countries of the Arab world and the Third World.

It is unfortunate that the superpowers and their allies in the west or in the east lend legitimacy to these regimes directly or indirectly, consciously or unconsciously if these regimes serve their military, economic and political interests or all these interests [together]. The superpowers--the United States and its allies, the countries of western Europe, and the Soviet Union and its allies, the countries of eastern Europe--deal with developing countries on the basis of what is purely in their own interests. Developing countries also began using the same method in dealing with the superpowers, and there is nothing peculiar about that.

This is a premise that is based on interests, on political, organizational, military or economic interests. However, the considerations that prevail in this

premise are sheer economic considerations first; they are followed by political considerations.

The United States, western Europe, the Soviet Union and eastern Europe do not expect and in fact have no hope that these countries will reflect, not even to a limited degree, some of the political or moral ideas and principles of these superpowers. Sometimes, the superpowers do not even encourage such ideas and principles in Third World countries. Their only standard measure is what will be gained, the profits that will be made and the international balance of trade. That standard in itself has been reflected on the politics of Third World countries.

The United States and its allies, the advocates of democracy and free liberalism, deal with democratic, popularly elected regimes like those of Chile, not to mention their alliance with the Shah's regime in Iran, with Somoza's regime in Nicaragua and so on.

The Soviet Union's premises [for dealing with Third World countries] are essentially not different from those of the United States. Its alliance with the Fascist regime in Argentina is due to economic considerations. The Soviets import grain and beef from Argentina. Those imports were particularly [important] during the U.S. grain embargo that was imposed by the Carter administration. The Soviet Union is allied with the racist regime in South Africa to exchange with it the advanced means that are used in that country's gold and diamond mines. The Soviet Union's backing for the Fascist military regime in Ethiopia, from whose torment even civilian Marxists have fled, is due merely to reasons of planning.

Al-Qadhdhafi's regime, like other regimes similar to it, benefited considerably from these "constant international factors" which some people call international variables or contradictions. I, however, consider them constant and immutable phenomena. A simple study of contemporary human history and of international relations in particular would show us that sheer practical interests rule the relationships countries have with each other. Such a study would show that the age of principles has come to an end.

Al-Qadhdhafi, like other [leaders], made considerable use of the economic factor in keeping his regime in power even though his use of the economic factor may have differed from that of others in intensity and degree. He used the economic factor in dealing with the two superpowers: the United States and the Soviet Union.

A. The United States and the Libyan Regime: the Source of Political Legitimacy

The Libyan regime's economic relationship with the United States is no secret, particularly in the area of exporting oil after the oil is produced and marketed. From the outset the Libyan market became accessible to western and American "investment" companies. That relationship also may be neither curious nor unexpected by the regime or by public opinion in Libya in general. The Libyan economy depends almost totally on crude oil. Ever since oil was discovered in the late fifties under the monarchy, the Libyan economy has been and still is organically related to foreign, western and American companies and to their world-wide monopolistic markets. The Libyan economy has also been dependent on those companies

quantitatively and qualitatively. But what is new in the matter is that the factor of political legitimacy or the search for retaining power at any cost, came into play when al-Qadhdhafi realized that his legitimacy in the country was becoming shaky under the weight of his camps. He began using the economic factor to serve his political legitimacy. What I mean by that is that the regime in Libya began making unusual or uncommon concessions to the oil companies. These concessions were unusual even to those the colonel calls the United States' allies in the region. They were concessions that perhaps no one had asked him to make. This was an obvious disregard for the resources of 3 million human beings. A simple examination of the contracts and privileges of oil companies in Saudi Arabia, Kuwait and the remaining countries of the Gulf would indicate to us that these countries are trying to preserve their resources. They have tough laws that require some measure of equality in the economic transactions they conduct with the oil companies. These contracts and privileges are a thousand times better than those that Libya has. Despite all its clamor and its outcries against western regimes, the Libyan regime's total capitulation and the voluntary concessions it made to western monopolies have been unprecedented in the history of the oil region.

Last year, for example, in 1981, Occidental Oil Company signed a contract with the Libyan regime; all the articles of that contract have not yet been published. What has been published includes the following: "The government of Libya has signed an agreement with Occidental [Oil] Company exempting Occidental [Oil] Company from payment of all taxes on production operations. In accordance with that tax exemption, producing a barrel of oil would cost the forementioned company 2 dollars. If a barrel of that oil is sold on the market for 30 or 35 dollars, the company will earn a profit of 33 dollars per barrel." (THE NEW YORK TIMES, 3 October 1981). It is to be noted that the U.S. boycott of Libyan oil does not mean that U.S. companies were prohibited from producing Libyan oil and marketing it in other markets around the world. This agreement was also made before the U.S. boycott of Libyan oil.

If any conclusion can be drawn from the articles of this agreement, that conclusion is this: al-Qadhdhafi wants to use every means possible to stay in power, at least for a short period of time before he falls or is overthrown. He is trying to stay in power by using everything he has, and, of course, he has nothing he can use to gain his legitimacy from the West and from the United States except a few barrels of oil.

Evidence for this lies in the fact that Libya is the third country after Britain and Mexico providing its oil to the United States' strategic oil reserves. It is expected that by 1989 U.S. oil reserves will be 750 million barrels. For more details see THE CHRISTIAN SCIENCE MONITOR of 4 November 1981.

Al-Qadhdhafi's regime did not even take part in the so-called oil boycott against the United States that was imposed during the October war in 1973 and 1974. What was then rumored in the Arab world and beyond about Libyan oil reaching the United States with the full support and knowledge of al-Qadhdhafi has now become a confirmed historical fact. That fact has been confirmed to everyone, including American and western public opinion. On 8 October 1981 THE BOSTON GLOBE wrote, "After all that, Libya knowingly used a third party and allowed its oil to reach the United States in 1973 and 1974."

This is aside from the fact that the Libyan market was wide open to U.S. exports and to the exports of western countries. Until 1980 U.S. exports to Libya of goods that are not related to the oil industry amounted to 500 million dollars annually. (See the details in the 1981 Schedule of U.S. official statistics).

In addition, Libya's doors were wide open, receiving and hiring U.S. personnel who specialized in "killing, torture, kidnapping, assassination and the torture of political prisoners." U.S. personnel trained the cadres of the Libyan regime in the use and application of advanced tools of death and terror, including various forms and kinds of explosives and poisons. This was done with the full knowledge, awareness and approval of Libya's Fascist military regime, of the government of the United States and of the governments of western countries. There is a documented article about this matter written by a writer who recently won a journalism award in the United States. (See the article by Philip Tubman, THE NEW YORK TIMES, 7 January 1982, p 1). (See also a new book [reviewed in] THE NEW YORK TIMES, 7 January 1982 p 1: "Supplying Repression: U.S. Support for Authoritarian Regimes Abroad," by Michael T. Klare; published by The Institute for Policy Studies, 1981 p 73).

See the British magazine, THE NEW STATESMAN, London, 15 January, 1982 regarding the relationship that Libya's military regime has with British intelligence--and this relationship has not been brought to light yet--through former CIA agents, and the relationship those agents have with exporting tools of death and terror and with instructing the [regime's functionaries] in the use of these tools and the implementation of the regime's objectives.

B. The Soviet Union, the Libyan Regime and the Search for Political Legitimacy

Ever since the first days of the Libyan regime, and in the 3 or 4 years that followed the Fascist coup in Libya late in 1969, al-Qadhdhafi the military ruler of Libya, and the group of military men who formed the Revolutionary Command Council have taken pains to attack the Soviet Union's ideology and religion. They attacked the Soviet Union's practices on the Arab scene and on the international scene. They even attacked its domestic policy. This sharp and general attack also included the Soviet Union's allies. Col al-Qadhdhafi went so far [in his attacks] as to say that he would not sign an agreement with the Soviet government to have the Soviets build houses in Libya in return for supplying the Soviets with crude oil. "This is because the Soviet Union and its allies, the communist and socialist countries, have no religion; they are atheists. Consequently, they have no morals and they have no conscience to deter them because they do not fear God. Thus, they do not keep promises, and they do not adhere to the agreements they make." This is quoted from al-Qadhdhafi's inaugural address at the European-Arab Youth Conference that was held in Tripoli on 14 May 1973.

The military regime in Libya expanded the range of its attack and criticism for all political and cultural parties, organizations and groupings on the Arab scene, particularly some organizations of the Palestinian Resistance Movement, which consider themselves leftist, revolutionary, progressive or even communist. Details of such attacks are known inside Libya and abroad.

Because of their thirst and their search for political legitimacy and because they wanted to gain that legitimacy on the international scene after losing it inside the country, al-Qadhdhafi and the military group [that rules with him]

utilized the economic factor with the Soviet Union just as they utilized it with the United States and with western countries. Political, military and economic delegations rushed to the Soviet Union and its allies where they were cordially received. The Soviet Union and its allies were well prepared for the new opportunity.

As I mentioned previously, the Soviet Union and its allies put into operation the constant factors of the practical approach or the interest-serving approach because, in doing business with Third World countries, they do not differ in form, substance or even in objectives from the United States and its allies. The Soviets are prepared to support any regime that provides them with economic opportunities or hard currency or serves their military objectives, regardless of the internal or foreign objectives and principles of that regime.

In fact, the Soviet Union adapted and implemented the ways and methods of the U.S. Pentagon and the CIA in carrying out the operations of its KGB, the Soviet intelligence agency. Regardless of the explanations and justifications it made for its positions, the Soviet Union did recognize the state of Israel in the United Nations even before the United States did. The Soviet Union has done business with and is doing business with military Fascist regimes all over the globe. It is engaged in a behind-the-scenes policy, and it is involved in planning and arranging coups, murders and political assassinations in the Third World, just as was the case among the members of Parcham, the communist party of Afghanistan.

• Even now the Soviet Union is supporting the regime and the martial law of the generals in Warsaw, disregarding thereby, in an obvious contradiction with its own Soviet communist philosophy, the theory of "a vanguard party" which Lenin and his successors had called for.

Relying on that fact, there is nothing curious at all, nor was there any coincidence or historical misunderstanding involved in seeing the Soviet Union and its allies welcoming al-Qadhdhafi and his ruling henchmen with open arms. Accordingly, there was nothing curious about Libya returning the favor and welcoming the Soviets and their allies with open arms. Thus, the Soviets came into Libya, took their share of the Libyan market to market their weapons, and they took their share of hard currency as well.

Like the United States and its allies in the West, the capitalist, monopolistic corporations of the Soviet Union and the remaining socialist countries began sustaining the Soviet military industry. They signed contracts with the Libyan regime for billions of dollars that were paid at that time to supply the colonel's regime with all the military equipment the colonel had been dreaming about. That military equipment was significantly in excess of Libya's needs, and it was more than its manpower could use. Despite several explanations--the most important of which was that the Soviet Union was storing these weapons for its own objectives in the region--the principal objective of all that was still profit. [Other objectives included] stimulating the Soviet industry and acquiring hard currency to cover the deficit in the socialist countries' balance of payments.

The nature of the Soviet Union's foreign and economic trade is essentially not different from that of its counterparts in the capitalist countries. The Soviet Union and its allies have large corporations that compete with the United States

and with western countries. They will do business with anyone as long as there is a profit to be made. Although these international, monopolistic Soviet corporations are owned by the state, that is, they are the capital of the state, the power that goes along with them is vested in the hands of a certain group of people. [That group includes] "the prominent elite," members of their families, their relatives, friends and acquaintances. The profits earned by these Soviet companies confer special privileges on this class which consists of members of the Communist Party. Not all the members of the party enjoy those privileges, however; only those who are close to the Central Committee and its branches throughout the Soviet Empire do: generals, senior military officers, senior party officials, intellectuals in the state or in the party, writers, poets, artists and even some prominent athletes. It is this class of people that enjoys the privileges of "ownership." Ownership here does not mean material ownership of a certain [amount of] capital, but it rather means having power and having the material and moral privileges that the proletariat and farmers in the Soviet Union neither have nor enjoy. (For more details on this matter and [for information on] the influence of this class on the Soviet Union's domestic and foreign policy, see the book by the well-known Yugoslav writer, Miroslav Djilas, "The New Class"). Djilas had served for a long time as vice president for former Yugoslav president Tito. The book was published in 1957.

Swayed by the United States and its allies, the Soviet Union and its allies were not satisfied with the material plundering and theft that their monopolistic companies carried out against our people's wealth and resources under the slogan of al-Qadhdhafi's economic and military development. They sent a "crew" from their police force and military intelligence not only to train al-Qadhdhafi's cadres in the techniques of death and domestic terrorism, but they also participated directly in protecting the Fascist regime. The Soviet Union took part in striking down the military uprising that took place in Tobruq in the summer of 1981. Many of our officers, soldiers and civilians lost their lives in that uprising. Regardless of the identity of the members and leaders of that uprising, regardless of their backgrounds, their outlooks and their objectives for Libya and its future--regardless of all that--the Soviet Union's action is to be considered dishonorable intervention in Libya's internal affairs by a foreign power. As such, it must be condemned by all nationalists. Our people will not forget this negative historical position toward their internal affairs and their future. But it seems that the KGB and its counterparts in the intelligence community in East Germany and in the Warsaw Pact countries are competing with the United States. The military regime in Libya has been thankful and grateful for what the United States and its intelligence agencies had done to protect al-Qadhdhafi's regime ever since it came to power. This is now a confirmed historical fact. The United States gave al-Qadhdhafi and his Revolutionary Command Council sufficient information about a coup within the council. The United States gave al-Qadhdhafi the names of the leaders of the coup: Musa Ahmad and Adam al-Hawaz. (Read the details in an article by John K. Cooley in FOREIGN POLICY, spring 1981).

For the role that western countries--Britain and Italy in particular--played in protecting the regime during its first year, the reader is advised to read the book, "Hilton Assignment" by Patrick Seale. Because there is no freedom for the press in the Soviet Union, nor is there freedom to publish or freedom of speech, the only reliable sources for the role which the police and the military [in these countries] played in protecting the Fascist Libyan regime are western

sources. In many cases when these sources write about the Soviet Union's role in Libya or in any other country, [what they write] is described as "hostile, western imperialist propaganda." However, eyewitnesses among our people and their armed forces, victims and survivors, are the only ones who can report accurately on this destructive role that the Soviet Union played. History will see to that. Opposition publications have made significant progress in this regard in the bulletins and news they have been bringing out about the role of the eastern camp.

Signs of the Regime's Failure To Ensure Its International Legitimacy from the East or the West

On the basis of the previous review readers may wonder why, the situation being what it is, has the Libyan regime failed at the present time--and it will fail in the future--to maintain its international legitimacy? The answer quite simply lies in the fact that the regime lost the grounds for its legitimacy inside the country, and it will not be able to earn that legitimacy again in the future even if the regime were to embark upon radical reforms, measures and concessions in Libyan society. This is a matter I will deal with [later], but let me now review the signs of the regime's failure to win its international legitimacy from the East and from the West despite its continuous search for that legitimacy until this moment.

1. Signs of Failure on the Western-U.S. Scene

Ever since it came into being and seized power, the regime has failed to obtain from the United States the seal of approval for its political legitimacy. This is something that al-Qadhdhafi and his ruling group have continued to hope for. This does not mean that the United States did not recognize the regime and impart to it some kind of political legitimacy. The United States gave al-Qadhdhafi's regime more than that, but what it did not give al-Qadhdhafi's regime was the adequate attention that would give al-Qadhdhafi full reassurance. In other words, the United States gave al-Qadhdhafi "provisional legitimacy" without telling him and his group what the conditions for that provisional legitimacy were. These conditions were to be manifested in the fervor of the regime's internal legitimacy and in the regime's ability to build a broad base of popular support and win the confidence of its armed forces. [Other conditions included] the stability of the middle class and the loyalty the regime could command from people with experience and from intellectuals. The United States succeeded in avoiding involvement by offering its full support to the regime and safeguarding it because it knew better than anyone else that the winds of future change would not be favorable and would not serve its vital interests if it were to become involved. The United States preferred to deal with al-Qadhdhafi and his regime as it would deal with an oil salesman in a third class gas station. In my opinion the United States made that decision early in 1975. The decision was firmed up in 1976 when al-Qadhdhafi executed three martyrs. It is known that that was the first execution in Libya in 20 years: it was carried out in a horrible manner, and it was televised. Most certainly it was seen by members of foreign embassies. This event was not reported to the western or eastern public because, except for Amnesty International which protested the execution, it was ignored by the media. And here I do not mean to say that the United States was infuriated by this incident or that it was concerned with the future of people in Libya. Nor do I mean to say that the United States was paying any attention to the sacrifices and

demands of our people. That incident was a sign that marked the beginning of the end of al-Qadhdhafi's regime. The United States was convinced that the Libyan regime had lost the grounds for its internal legitimacy and that its survival and the survival of its legitimacy will depend on the use of iron and brimstone. The United States was convinced of that despite its awareness of the Libyan regime's concern for the interests of the United States and its allies and despite its awareness of the fact that the concessions it had gained from the Libyan regime would be jeopardized.

Despite the fact that Libya and other friendly Arab parties sent delegations [to Washington], despite the invitations extended by al-Qadhdhafi to numerous U.S. officials, despite al-Qadhdhafi's pleas in innumerable press and broadcast interviews that diplomatic representation between Libya and the United States be upgraded to the embassy level, as it is with Arab and other countries, the United States refused his request many times and repeatedly. Al-Qadhdhafi's request was turned down under Nixon's, Ford's, Carter's and Reagan's administrations.

The volume of trade between Libya and the United States rose; profits rose; and the privileges granted to U.S. companies in Libya increased. The president of the United States expelled six members of what al-Qadhdhafi calls his People's Offices in the United States. When four of those persons refused to comply with the expulsion order, the president of the United States called them killers. But the volume of trade grew, and oil shipments grew even though al-Qadhdhafi threatened to cut off [his] oil after this incident. The United States continued to do business with al-Qadhdhafi as it would with a salesman in a third rate gas station. Al-Qadhdhafi tried harder to win U.S. approval, and he became more and more anxious for this approval. He employed Billy Carter, thinking [the president's brother] might help him save what can be saved in the relationship. He invited one U.S. delegation after the other to visit Libya in the context of what he called an Arab-American dialogue, and he indicated a willingness to strengthen relations with the United States. As the position of the U.S. administration hardened with the order to shut down the People's Office, al-Qadhdhafi intensified his efforts and his pleas for the legitimacy that U.S. approval would confer upon him. He was afraid that that approval would be lost completely. So his oil continued to flow to the United States until the western press embarrassed him by asking him repeatedly when he would cut off oil shipments to the United States. It was due to economic considerations, and to a certain extent to political considerations, as well as to conditions of the international market that the United States gave up on the Libyan gas station altogether. It recalled employees of U.S. companies [in Libya], and it then consulted with those companies and obtained their approval of that action. Al-Qadhdhafi intensified his efforts to win the legitimacy that would be conferred upon him by U.S. approval. He pleaded with Italy, West Germany and Greece and asked [for an invitation] to visit these countries. He finally received an invitation to go to Austria, after having asked for it a thousand times, and he asked Austria's minister of foreign affairs to intercede with the United States on his behalf. Austria's minister of foreign affairs did in fact go to Washington the day after al-Qadhdhafi's departure from Austria to convey the colonel's pleas that the United States recognize his regime as a legitimate regime.

Until this very moment, as this article is being written, al-Qadhdhafi has not broken diplomatic ties with the United States, at least out of his sense of Arab

dignity or to save his very revolutionary face! Officially the United States and the colonel's regime still have diplomatic relations. The colonel still has some clients or agents in the United States who are being paid fantastic salaries and whose function is to try to improve U.S.-Libyan relations and help the regime win U.S. approval as a legitimate regime.

Libya is scared not only because of the economic or diplomatic measures that the United States has taken, but also because of the vast difference between the United States' attitude toward the Libyan regime and what the U.S. administration gave and is giving countries the colonel thinks are revolutionary like his country. These countries are in fact allied with al-Qadhdhafi in a so-called Steadfastness and Opposition Front. And that is a steadfastness and an opposition front indeed: steadfastness in power by using fire and brimstone, and opposition to any internal opposition.

This difference is very obvious in the following points:

1. The United States knows quite well that except for its barrels of oil and its oil reserves--Libya's oil reserves are estimated to be 23 million barrels in the ground, and it is expected that this oil will be depleted by the year 2000 A.D.--Libya is a country of no consequence in the Middle East. This is particularly true regarding its role in the Arab-Israeli struggle. Unlike Syria, Jordan and Lebanon, Libya is not geographically located near Israel. Unlike Egypt and Sudan it does not have the clout that Egypt's and Sudan's manpower has. It does not have a seasoned diplomatic and political reputation; its diplomacy and its policy have not been as cautious and as effective in the Arab world and in the Third World as Algeria's. Besides, Libya lacks the economic clout that Saudi Arabia, Iraq and the Gulf countries have in the region with their oil. Libya also lost any influence [it may have had] on the policies and tendencies of the PLO.

2. The vast difference in principle between dealing with a politically legitimate government and one that is not politically legitimate is quite evident in the difference between the United States' dealings with Syria, for example, and its dealings with al-Qadhdhafi's regime. Syria maintains diplomatic relations on the ambassadorial level with the United States, and Hafiz al-Asad still cordially receives the U.S. president's personal envoy in Damascus even after Israel annexed the Golan and after the United States vetoed the UN resolution condemning Israel for annexing the Golan Heights. Syria is also still receiving technical and material assistance from the United States under the U.S. AID program.

3. The vast difference in treatment is also quite evident in the attitude that U.S. policy has toward Libya and toward the PLO. Despite the fact that previous and present U.S. administrations have described the PLO as a terrorist organization, the liberation organization still maintains its information offices in Washington and in New York. No pressure is being applied on these offices, and their activities and the activities of their employees are not restricted anywhere in the United States. In addition, members of the organization are in the United States as observers at the United Nations. High level meetings have been held with the president of the organization. The most famous of those was that meeting that Charles Percy, chairman of the Senate Foreign Relations Committee held with Yasir 'Arafat, not to mention the recent agreements that 'Arafat, the president of the PLO, signed with President Reagan's personal envoy through the

Lebanese government. There is no doubt in my mind that al-Qadhdhafi's big dream at this point is to have the United States treat him at least as it treats the PLO which does not yet [have the status of] a state.

4. The United States has conferred political legitimacy on the regime in South Yemen, perhaps even more than on Libya. The United States recently approved the sale of three 747 Boeing airplanes to South Yemen, but it has prohibited the sale of these airplanes to al-Qadhdhafi's regime which has showered it with oil and is prepared to shower it with [more] barrels of oil. The United States removed Iraq and South Yemen from the list of countries it calls terrorist countries. But Libya is still on that list.

5. The United States and the Soviet Union are well aware of the "diminutive role" that is being played by an oil salesman in a third rate gas station on the international scene, in the countries of the Third World and in the Arab world in particular. That does not include his role in the murders, assassinations and sabotage operations that take place in some neighboring countries. This is a role that any gang of criminals or a group of juvenile delinquents can play on the side of any road, in a public square or in a public market in any country.

2. Signs of Failure on the Eastern Scene: the Soviet Union

Despite the fact that al-Qadhdhafi and his delegations are received in the Soviet Union by people in the highest levels [of government]; despite what al-Qadhdhafi himself is trying to show, particularly in the West and in the United States, about having strong allies and friends; despite his travels in the capitals of eastern Europe; and despite the numerous economic and even political agreements he made, close scrutiny of economic factors in the Soviet Union in particular and in the countries of eastern Europe as well as the economic squeeze that al-Qadhdhafi's regime is facing because of the decline in the price of his oil in the international market indicate that the Soviet Union and its allies do not at all wish to confer upon al-Qadhdhafi's military regime any measure of the political legitimacy that it has been begging for for the following reasons:

Politically:

1. Like the United States, the Soviet Union and its political experts in African and Arab affairs have been aware since the regime emerged on the international scene of the "diminutive role" that al-Qadhdhafi played or can play on the Arab and African scene. They have been aware of that for the same factors that I mentioned previously.

The Soviet Union and its allies are well aware of the fact that a good and strong relationship with a reactionary, non-revolutionary regime is a matter of considerable importance and strong influence on the Middle East scene. Such a relationship would be more important than one with al-Qadhdhafi's regime or with Comrade al-Qadhdhafi.

2. A cursory examination of the history of the Soviet Union's relations with the Arab world would show that the Soviet Union attaches more importance to countries like Egypt and Syria and to a certain extent Algeria. This is because of the population resources of these countries, because of their cultural foundations,

their political implications and their diplomatic effectiveness on the future of the Middle East. The Soviet Union even attaches more importance to the countries of the Gulf and especially Kuwait, which has stable and strong economic relations and to a certain extent political relations with the Soviets, because these relations serve the interests of the two countries more than relations between the Soviets and Libya would.

3. Rulers of the Soviet Union and eastern Europe are well aware of the amazingly mutable and mercurial nature of al-Qadhdhafi. It's as though al-Qadhdhafi were an emotionally disturbed and schizophrenic individual.

4. From the standpoint of military strategy, because of Libya's important geographic location facing the southern bases of NATO and being a gateway to the central part of Africa, the Soviets know that even if al-Qadhdhafi were to agree to grant them naval, land and air bases in return for their protection to ensure the survival of his regime, he would not hesitate to throw them out in 1 week or 1 day if he wanted to without giving them prior notice. The Soviet Union went through this bitter experience in Somalia and in Egypt.

5. Leaders of the Soviet Union also know al-Qadhdhafi's personality and the nature of his military organization in Libya. They know for certain that at the present time al-Qadhdhafi's aims, with his speeches, declarations, repeated threats to enter into a total alliance with the Soviet Union and even to join the Warsaw Pact, are to set up a shallow political extortion operation. Soviet leaders know that al-Qadhdhafi is like a child, using the Soviet Union and its allies as though they were a monster which he could use to scare the United States and the West into giving him supplies, coming to his aid and conferring upon him some kind of political legitimacy. The Soviets also know that al-Qadhdhafi has a western complex and an American complex in particular. They know that he needs every ounce of recognition from the Americans, and they know that he needs that recognition of his political existence more than he needs it from the East. They know that his threat to enter into an alliance with the Soviet Union is not based on any principles, but that it is the result of the collapse of his regime's political legitimacy inside the country and its isolation abroad.

6. Al-Qadhdhafi himself and his ruling group know quite well that if the Soviet Union were to agree with their offers--and this is very unlikely if not impossible--and if Soviet troops were to be stationed in Libya on bases, it will not be unlikely at all that the Soviets will successfully plan for the overthrow of al-Qadhdhafi and that they will replace him with another strong man from the Libyan armed forces who would be more balanced and more reasonable. The Soviets would get rid of al-Qadhdhafi and the obvious embarrassment he causes them in the international community.

Economically:

The Soviet Union's ties with al-Qadhdhafi depend on the regime's economic strength. This strength is linked with the condition of the international oil market and the policies of U.S. companies in Libya. It also depends on the economy of the western world and its needs under the conditions of inflation and recession. It also depends on the search for other sources of energy and on the

utilization of oil sources in the United States and in other countries like Mexico and Canada, not to mention the poor economic conditions that the Soviet Union and the countries of eastern Europe are going through.

"The Soviet Union's debts to western banks, particularly to West Germany and Japan amount to 17 billion dollars." (CHRISTIAN SCIENCE MONITOR, 14 December 1981).

The economic condition of the rest of the Warsaw Pact countries is worse than that of the Soviet Union. A report by the International Liquidation Bank in Switzerland (published in the same source mentioned above) reported that Poland's debts to western banks alone amounted to 17 or 16 billion dollars; its debts to western governments amounted to 10.5 billion dollars; and its debts to the Warsaw Pact countries and to the Soviet Union amounted to 4 billion dollars. Poland's total debts thus amount to 30 billion dollars. Therefore, the Soviet Union and the eastern camp have an urgent need for every penny of hard currency they can get to pay back their international debts and to maintain their balance of payments. Soviet oil companies are therefore competing with the remaining oil exporting countries to sell their oil in the international market in Rotterdam at reduced prices to ensure that they can market their oil and continue to market it. In fact, to have liquid funds in hard currency the Soviet Union would stop many of its shipments to its allies, the eastern countries, except when it was absolutely necessary to go ahead with them. And here we see that the purpose of the Soviet Union's policy with a country like Libya is to get the Libyan regime to ship its oil to the Soviet Union's allies in return for equipment, services, development projects, etc. In other words, the Soviet Union is engaged in barter with Libya and does not pay hard currency for the oil it buys. At the present time, however, and since last year the Libyan regime has been having economic problem. These problems have begun to grow, and the regime has been undergoing an economic squeeze. "For the first time since 1969 Libya borrowed 250 million dollars from international banks to avoid depleting its monetary reserves of 30 billion dollars. (CHRISTIAN SCIENCE MONITOR, 10 March 1982, p 1). Besides, oil production declined, as the British newspaper, THE MANCHESTER GUARDIAN mentioned on 22 November 1982, p 7. "Libya's oil minister admitted that production fell from about 2 million barrels of oil a day to about 700,000 barrels. Oil industry specialists, however, believe that Mr al-Zuq'ar's figures are exaggerated to hide the truth."

This is not, as some people may think, due to the fact that the U.S. government decided to boycott Libyan oil, even though the effect of that boycott is costing al-Qadhdhafi's coffers 2 billion dollars a year. It is rather the result of a surplus in the international market; a consumer conservation policy in the west; the industrial recession; financial inflation; competition among the OPEC countries; and the fact that OPEC countries are selling their oil at reduced prices, lower than the advertised prices. Before the U.S. government officially boycotted Libyan oil, some U.S. companies had made decisions to that effect about 1 month and a half or more earlier. For example, the official spokesman for Marathon Oil Corporation stated, "We have not pumped a single barrel of Libyan oil for 1 month and a half. It is simply not profitable" (THE WALL STREET JOURNAL, 11 March 1982 p 2).

In addition, the regime's economic policy on spending, planning and development

projects has been stupid and arbitrary throughout the time it has been in power. This is true not only as far as oil is concerned, but it is also true in agriculture, herding [sheep and cattle] and in industry. The reader is advised to refer to an article that was published in THE MIDDLE EAST HENDERSON Magazine, May 1981.

Since the economic situation is what it is, I see no hope at all for al-Qadhdhafi and his regime to get from the Soviet Union and its allies a guarantee of political legitimacy, particularly if the international economic situation continues to be as it is now. I think al-Qadhdhafi will find himself standing neck and neck and running side by side in a competition with eastern bloc countries for the dollar. In fact, al-Qadhdhafi's economic situation may deteriorate to the point that he would have to sell at public auction the Soviet military equipment that he has stacked in Libya. But this would depend on war breaking out in the area and on the inability of one of the parties in that war to obtain Soviet military equipment or spare parts for that equipment, and that is not at all unlikely.

Indicators of the Loss of Political Legitimacy inside the Country

The regime lost its legitimacy inside the country, and it is now standing on shaky ground. This in my opinion is what contributed to its failure; it is this that will contribute even further to shrinking its international legitimacy whether it turns to the east, to the west or to both at the same time. These indicators that the regime has lost its legitimacy inside the country are:

1. The regime failed to build a political system that would give it the support and backing of the majority or even the support of a certain segment of the Libyan people. The regime began with the Socialist Union, which failed politically in mobilizing the masses toward the center of the regime. Then the regime set up what it called the People's Congresses and the Popular Committees; these failed too because the public did not take part in them. Besides, they were unreasonable. Then the regime created the so-called revolutionary committees which [the colonel] did not refer to in the book that he published for humanity. These committees did not succeed in doing anything to speak of except for the assassination and murder of scores of our martyrs in Libya and in the different capitals of the world.
2. There have been many attempts within the military to overthrow the government [even though] the armed forces are considered the backbone of the regime since it is a military regime. It would be difficult to count the number of these attempts and the number of their victims.
3. There have been organized and spontaneous demonstrations and popular protests. Al-Qadhdhafi tried to put an end to that with the executions of April 1977.
4. Many people are emigrating; the ratio of emigrants to the number of people in the population is considered high. The country is losing its human capital when we take into account that most of the emigrants are intellectuals, students and qualified people. There is, besides, a large number of students who complete their education in Europe and in the United States and refuse to return to Libya to avoid political repression, injustice and social tyranny in Libya. Even those who return do so under the pressure of difficult, personal and family conditions. Their physical presence in Libya does not mean that they are serving the regime with their minds and their intellect.

5. The regime's security measures against the masses have been increased, and movement inside the country from one area to another and from one village to another, not to mention travel for an ordinary citizen outside the country, has become difficult.

6. The regime does not have confidence in its political, military, police and diplomatic cadres. It depends on a certain segment from a tribal minority that is related by blood.

7. Many nationalists who had the confidence of the regime in the past have given up their political positions as ambassadors and members of the United Nations Organization. They declared their rejection of the regime's practices, and they called for its overthrow.

8. Bribery, moral corruption and economic corruption have become widespread in the regime's civilian and military sectors.

9. The regime has turned to foreign and terrorist agencies and mercenaries of various schools and persuasions to carry out security operations and execute criminal acts against citizens in the country and abroad. It is known that some people who were sent by al-Qadhdhafi to Europe to carry out missions of murder asked for asylum in Europe and did not carry out his orders.

10. News and information about the regime's political, economic and security activities and intentions were leaked to factions of the opposition even from within the closed sessions of the regime's cadres.

Based on the foregoing I believe that the absence of the regime's legitimacy inside the country is the cornerstone of its present failure and its failure in the future to set up any international linkages that would cover up this shortcoming.

The regime itself has helped report a true picture of its internal situation and of the demise of its legitimacy. This is known to all Libyans inside the country and abroad, and it is also known to all eastern and western governments. But it is hardly known to the ordinary man in the street in Europe, in the United States and in Moscow. When the regime began eliminating its enemies and when many of them lost their lives in the capitals of the world, al-Qadhdhafi and his group were thereby reporting to the outside world what was happening in Libya. World public opinion was becoming aware of what was really going on, and the governments that al-Qadhdhafi was trying to build linkages with, felt the pressure of public opinion and began to feel embarrassed.

An attempt was made by the U.S. administration, and the information about that attempt which was published in the press and broadcast on television shed light on who in the United States' intelligence and elsewhere had collaborated with al-Qadhdhafi in his terrorist operations. U.S. reaction against al-Qadhdhafi's regime was diplomatic and economic; it was not directed against al-Qadhdhafi's terrorist operations as much as it was a response to the internal collapse of the legitimacy of the regime and a search for an alternative. Washington may have decided to wash its hands completely off the present regime. Even if diplomatic and economic relations were to be restored, it is my opinion that al-Qadhdhafi's position will be back in square one: the United States will treat him as it would a third rate salesman in a gas station, no more and no less.

As a result of the United States' diplomatic reaction against Libya, some western newspapers reported a point of view that was somewhat pragmatic. They suggested that if economic interests are guaranteed, relations with al-Qadhdhafi's regime were to remain strong and good despite what happened or will happen. For example, THE MANCHESTER GUARDIAN wrote on 22 November 1981 p 7, "The magnitude of the tragedy is that western companies were given rights and full privileges, and their interests were unaffected by any of the excesses of al-Qadhdhafi's stupid political theories."

The question about the regime's legitimacy in the outside world began to affect its legitimacy inside the country, and there is fear that the regime will collapse completely. British author Claudia Wright, who visited Libya several times and who writes about Middle East affairs, wrote about western fears that al-Qadhdhafi might fall or be overthrown. She described how the United States had not evaluated that situation and said, "There is a certain possibility that those who will succeed al-Qadhdhafi will hurt western and U.S. interests much more than al-Qadhdhafi did. He opened the country to western exports, and he is exporting so much of his oil to the West that he is almost depleting it."

"Al-Qadhdhafi believed that the United States knew that, and he is surprised by the United States' new policy toward his regime. Those who really want to hurt the West will use that new policy to their advantage to hurt the West more than he did."

However, the British author forgot that the United States knows that fact and that al-Qadhdhafi too forgot that the United States knows that. What the author and al-Qadhdhafi do not know or do not wish to know is that the United States, which saw the birth of al-Qadhdhafi's regime, offered that regime protection and prompt recognition and thwarted an attempt to overthrow it early in its life. What the author and al-Qadhdhafi do not know or do not wish to know is that the United States knows quite well that the grounds for the regime's internal legitimacy have been shaken and that the regime is on its way to collapse. The United States knows that continued support for this regime is not in its economic or strategic interests.

After the shocking speed of the fall of the Shah, which was unexpected by the West and by the United States, a private political research company presented a political study whose predictions and analyses deal with the suspect conditions in Libya and the possibilities for the collapse of that regime. This political research company provides research for major U.S. corporations, including oil companies and international investment firms, and is preparing plans for action in the Third World. Libya was at the top of a list of countries which companies are advised against making ventures in and doing business with. Companies are advised to reduce their economic involvement with those countries. After Libya come El Salvador, Lebanon, Zaire and Argentina. A simple summary of that study was published in THE NEW YORK TIMES, "International Political Surveys," (N.T. Services, February 1979).

Finally, no matter how hard the regime tries to establish linkages with the West or the East to win any kind of legitimacy, our people who oppose the regime in the country and the strong arms of Libyans abroad are the only ones capable of settling the matter, bringing about the fall of the regime and opposing the

overthrow of the regime by any outside forces that wish our country and our people no good.

The political legitimacy of the Shah's regime was recognized not only by the United States and the West--that recognition was almost an alliance--but it was also recognized by the East. The Shah's regime had a joint military alliance with the Soviet Union, and it also had an agreement with Moscow for the extradition of members of Iran's military and civilian population who flee the throes of the Shah's regime. The Shah's regime was brought down by ordinary Iranians. Somoza fell in Nicaragua despite U.S. recognition of the regime's political legitimacy. And Idi Amin fell or was overthrown despite al-Qadhdhafi's recognition of his political legitimacy.

The absence of indicators of the regime's political legitimacy inside the country is much stronger than it is in any other Arab country, despite the fact that most of these Arab countries are suffering from the same crisis albeit to a different degree. The absence of the regime's political legitimacy inside the country is stronger than the absence of that legitimacy in the days that preceded the military coup which ended the monarchy in 1969.

Will the Regime Fall Soon?

In its December 1982 issue INTERNATIONAL PRESS Magazine published an article from the Magazine, THE NEW AFRICAN which is published in London. The article which was written by INTERNATIONAL PRESS correspondent Andrew (Liszt) mentioned that al-Qadhdhafi's luck was beginning to run out and that he would fall soon. The author indicated that he had observed how young Libyans were becoming bored with the hollow speeches and the false military clamor of the colonel. The author observed that young Libyans believe that wasting Libyan revenues on weapons was merely squandering Libya's budget.

The second observation the author of the article makes is that the western world was becoming uncomfortable and dissatisfied with al-Qadhdhafi and his policies. Among the signs of that discomfort were the U.S. decision to stop importing oil from al-Qadhdhafi; the decision by U.S. companies to pull their operations out of Libya; and statements by some geologists that Libyan oil fields may be depleted in 7 to 10 years if the present rate of pumping oil out of the ground continues.

The third observation [had to do with] the continued political disturbances inside the country. In the past 2 years al-Qadhdhafi was the target of more than three attempts to overthrow him or assassinate him. In addition, the Libyan opposition movement is growing continuously. There are numerous Libyan organizations and groups in the opposition, and they have been able to increase pressure on al-Qadhdhafi through their contacts and their media agencies.

It is being said in private circles that the fact that al-Qadhdhafi has been taking his wife along [wherever he goes] is due to the fact that she is providing the medical supervision for the medication he has been taking to treat his growing depression, a condition that has recently been affecting him quite often.

FINANCIAL CRISIS REVEALED

[Place of Publication Unknown], AL-INQADH in Arabic No 3 Mar 83 pp 72-75

[Article by Abu Tariq: "Quick Thoughts about the Financial Crisis That al-Qadhdhafi Is Suffering from;" AL-INQADH in Arabic; monthly organ of the National Front for the Salvation of Libya]

[Text] One does not have to go through too much trouble to discover the aspects of the financial crisis that al-Qadhdhafi's regime has been suffering from in the past months.

--In a few months funds in the state's foreign bank accounts have dropped to almost half of what they were.

--Instructions have been issued to stop action on all commitments made for any new development projects in 1982, and instructions have also been issued banning the signing of any new contracts regarding these development projects.

--Instructions have also been issued to stop action on all activities on development projects whose contractual agreements have been made but whose implementation was not begun.

--News has also been confirmed that the existing regime in Libya has tried to obtain large loans indirectly from Saudi Arabia, Kuwait, the United Arab Emirates and some financial institutions in Europe.

--Information has also been confirmed that al-Qadhdhafi's authorities have used Libyan oil at very low prices to pay back Libya's debts to countries and to companies.

--Many reports indicate that al-Jamahiriyah's debts to a number of countries and foreign corporations are growing and piling up. These countries and corporations found themselves compelled to demand payment of large fines for Libya's delinquent payments. Other countries and corporations filed lawsuits against Libya, and a number of foreign banks are hesitating to do any business with al-Qadhdhafi's Jamahiriyah.

--Furthermore, information coming out of "the happy Jamahiriyah" has confirmed that--for the first time--al-Qadhdhafi was compelled to form a committee called the Revenues Committee. This committee, which is chaired by Prime Minister

al-Talhi, will organize the priorities of spending from the country's limited resources. Information from Libya also confirms that materials and goods, including basic goods, are now missing from public markets and that authorities announced that more than 70 articles and commodities will no longer be imported. These authorities have imposed taxes and fees on pilgrims, on prescription drugs, and on children's school notebooks. The authorities are also thinking of abolishing the government subsidy for all essential goods. Finally, the "leader" is proposing to the so-called People's Congresses a program of bare food sufficiency.

Yes, the financial crisis in al-Qadhdhafi's Jamahiriya is a real crisis and may be a very acute one.

Yes, it is true. Why should we guess and speculate? Al-Qadhdhafi himself is admitting it in his speeches. 'Abd-al-Salam Jalud is declaring there is a crisis and admitting to it as he travels to ask countries for loans and easy terms and for the deferment of Libya's loan payments. Jalud pleads with those countries to accept Libyan oil--which has become cheap like everything else in Libya--as a means for paying back these loans. Al-Talhi also admitted to the crisis when he addressed the so-called People's Congress for the city of Tripoli.

Reasons for the Crisis

At first al-Qadhdhafi appeared to ignore the fact that there was a crisis in his Jamahiriya. This is his usual reaction to everything. Then he tried to accuse certain countries of being behind that financial crisis which his Jamahiriya was suffering from. He said that the crisis was part of an international conspiracy to overthrow his regime or starve the Libyan people. Al-Qadhdhafi may soon come out with charges against leaders of his regime like Jalud, al-Talhi and others. He may accuse them of being responsible for that crisis, and he may even accuse all the people of being responsible for the crisis. Isn't all the wealth now owned by the Libyan people? Don't the Libyan people now have the power, the wealth and the weapons? Therefore, according to the insane logic of al-Qadhdhafi, it is the Libyan people who wasted their fortune, and they are the ones who are responsible for that.

Al-Qadhdhafi himself and all those around him know quite well that these allegations are false. They know better than anyone else knows the real reasons behind this crisis and the reasons that led to it.

The real reasons for this crisis lie in the fact that al-Qadhdhafi is committed to colonialist plans whose aim is to keep Libya and other Arab and Islamic countries from putting their wealth and their material and human resources to good and profitable use in a rational, wise, advanced and balanced manner. The reasons for the crisis also lie in [the following]:

1. The style of government that al-Qadhdhafi introduced. This is a style that is based on total and continuing chaos. It is also an individualistic, capricious and autocratic style of government.
2. A climate of complete and total permissiveness regarding public funds. In that climate persons like Khalifah Hanish and Hasan Ashkal were able to dispose of tens and hundreds of millions of dinars by the stroke of a pen or a phone call. They did not have to account to anyone for these actions, nor were they

supervised by anyone. This is the climate in which Libya's coffers were opened to all kinds of mercenaries, brokers and people who take bribes.

3. Hundreds of millions of dinars were spent on what al-Qadhdhafi dreamed up and called agricultural and industrial development projects. These projects have failed and are in ruins; they cost the country many times what they would have cost abroad.

4. During his fits of insanity al-Qadhdhafi destroyed and demolished scores of buildings, factories and [military] camps.

5. Large deals for arms and munitions were made by al-Qadhdhafi with Russia, France, Italy and all the arms brokers of the world.

6. Al-Qadhdhafi has been financing the ongoing war in Morocco's Sahara daily and continuously. He financed the invasion of Chad for a whole year. He financed operations for Idi Amin's Uganda, and he financed attempts to invade Tunisia's Gafsa and to invade Sudan. He financed the war in the Gulf and the civil war in Lebanon, and he financed the unholy alliance with Ethiopia and South Yemen. He continues to finance conspiracies against a number of Arab and African countries including Sudan, Chad, Niger, Somalia, Oman and North Yemen.

7. Millions of dollars have been showered on journalists and writers who can be bought, and [large amounts of money were spent] on the translation of his "Green Book" into all languages and on the distribution of that book throughout the globe.

These reasons, in our view and in the view of every Libyan, are the real reasons behind the financial crisis that al-Qadhdhafi's Jamahiriya is suffering from at the present time. These are the reasons that made an oil country like Libya, whose population hardly exceeds 3 million persons and whose annual revenues from oil exceed 25 billion dollars, become bankrupt or almost bankrupt. These are the reasons why Libyan officials are going around the capitals of the world asking for loans and for deferments on Libya's loan payments and pleading that Libya's oil be accepted and purchased. These reasons will continue to be the reasons for the crisis as long as al-Qadhdhafi's regime remains in power, whether or not it succeeds in getting out of this crisis.

How Did al-Qadhdhafi Try To Remedy the Crisis?

Al-Qadhdhafi faced this crisis and tried to overcome it with his same old, usual style.

--More restrictions were placed on the Libyan people.

--More funds were showered on foreign countries and foreign corporations.

On the one hand we find al-Qadhdhafi issuing instructions to his ministers about the need to reduce expenses and increase non-oil revenues. These instructions are converted into revolutionary decrees immediately. Some of them are put into effect immediately, and others await approval for implementation.

--Salaries, allowances and bonuses in the country and abroad were reduced.

--Funds that travelers are allowed to convert into foreign currency were reduced.

--A special tax was imposed on pilgrims. Another tax was imposed to benefit the victims of the war in Chad.

--A sum of money equal to 1 month's full salary was deducted from the salaries of all civil servants in three monthly installments.

--A plan to abolish the government's subsidy for all essential goods was to be looked into.

--Another plan was made to impose a tax on children's school notebooks, on government prescription drugs and on exit visas.

Al-Qadhdhafi is doing all this when he knows quite well that all these measures will yield no more than a few million dinars. He knows that one of his operatives can lose all these funds with the stroke of a pen. He is well aware of that, but he is nevertheless going ahead with these measures to hurt citizens further and to increase his revenge on them. Al-Qadhdhafi used to resort to [a variety of] methods to deprive people of their [national] wealth when there was a considerable amount of wealth in the country. Would he hesitate now to do the same when that wealth has begun to dwindle? Would he hesitate to show the people what true deprivation is?

Today, al-Qadhdhafi is maliciously proposing to the so-called People's Congresses a program of bare food sufficiency to avoid responsibility for all the measures that his authorities will take in this regard, arguing that these measures were requested by the People's Congresses and by the so-called General People's Congress.

On the other hand we find al-Qadhdhafi spending more and more funds on foreign corporations and countries, on weapons deals, on brokers, on foreign conferences, on military adventures and on foreign propaganda in the media. Overcome by an attack of conscience one of al-Qadhdhafi's aides and functionaries stated, "If the problem that al-Qadhdhafi is facing now is one of spending on development projects and contracts, the matter would have been simple and he would have found the funds for them. But the real problem is that he wants to use existing funds, as scarce as they are, for foreign propaganda, intelligence [operations] and foreign conspiracies in the first place. Then he would use funds for weapons and development projects and contracts that are linked with large commissions and bribes. Development projects that can benefit the country would come after that. This is the secret of the real tragedy that al-Qadhdhafi and his regime are going through."

It is ironic that while al-Qadhdhafi is issuing instructions for limiting expenditures inside the country, he is issuing instructions on the need to [do the following]:

--Conclude more arms deals, make the payments that are due to arms suppliers; and pay delinquency fines and high interest rates to Russia exceeding 22 percent--in accordance with a program for maximum sufficiency in weapons.

--Pay hefty damages to foreign companies working in Libya for any projects that were begun and then suspended because of the crisis.

--Use Libyan oil at very low prices in barter deals to pay back Libya's debts to the various countries and foreign corporations. For example, to pay back debts owed to Russia for imported weapons, Russia was given priority in deducting a sum from Libyan oil revenues. That sum, which is equal to 80 million dinars, was to be held back at the source, that is before it would go to the Ministry of the Treasury. Russia was also given the right to get between 175,000 and 300,000 barrels of oil a day. Russia has the authority to sell this oil in the free market in Rotterdam and to sell it below the prevailing advertised price.

Conclusion

Al-Qadhdhafi's regime may succeed in getting out of this financial crisis which it is facing by making concessions and offering incentives to foreign countries and corporations and by offering services to some suspect circles. Al-Qadhdhafi's regime may be able to get out of this financial crisis because of existing conflicts between the interests of some oil importing countries, or because of some facts pertaining to the oil market. However, whether or not this crisis is removed, the following facts will continue to exist, and they will continue to brand al-Qadhdhafi and his regime.

--With his stupid financial policies al-Qadhdhafi wasted Libya's oil and lost its fortune. The principal and only beneficiary of these policies have been [foreign] countries and large corporations; and the biggest losers now and in the future are the Libyan people.

--With these policies al-Qadhdhafi burdened the Libyan people with debts. He hocked the independence and sovereignty of Libya, and he made the country hostage to a plan made by the superpowers for it and other countries. (See Henry Kissinger's statement in 1974, affirming that the oil countries will fall victim to their own spending programs).

--The cost of al-Qadhdhafi's getting out of this crisis is, as before, more waste of the nation's wealth and further squandering of its capabilities and resources. If he gets out of this crisis, it will be only fortuitous and temporary. Al-Qadhdhafi's practices will lead the country into another crisis that may be more critical than this one.

It may be evident to us now that the financial crisis is not the ailment that al-Qadhdhafi's regime is suffering from. The financial crisis is rather a symptom of that ailment. The real ailment or the real crisis is a crisis of government, and a crisis of morals. It is the crisis of a regime that has lost all the components of legitimacy and all justifications for survival. It is the crisis of a ruler who has no morals, no deterrent and no conscience.

It remains to be said that it is not the existence or disappearance of the financial crisis that will deliver the Libyan people from this regime and from those who are in charge of it, but it is rather the struggle and the efforts of Libyan citizens to overthrow this despotic, criminal, client regime that will bring about their deliverance from it.

INCONSISTENCIES OF FOREIGN POLICY CRITICIZED

[Place of publication unknown] AL-INQADH in Arabic No 3, Mar 83 pp 83-85

[Article by Salah al-Hariri: "Libya's Foreign Policy Between Capriciousness and Instability;" AL-INQADH in Arabic; monthly organ of the National Front for the Salvation of Libya]

[Text] The foreign policy of any country stems from three stated premises and determinations. These are:

--The objectives and interests the state is trying to achieve.

--The means, tools and energies used to achieve this policy.

--The need for congruity between domestic and foreign policy.

Each country in the world has its objectives and its numerous interests. But no matter how diverse these objectives and interests are and whether they are called political, economic or strategic, a country's relations and dealings with other countries in the international community are formed and determined in the light of those objectives and interests.

There is no doubt that objectives and interests ought to be laid down, determined and approved in the light of each country's conditions, capabilities and ambitions. These objectives and interests should ultimately reflect the general directions of the public. After they are laid down, determined and approved, these objectives and interests are no longer to be subject to the opinion of one individual or a group of individuals. They are to be carried out through a series of stages that may many times begin with an ordinary individual and then go through different levels before they see the light of day as a policy or as a number of policies. Also some of these objectives and interests may be easily realized in a short period of time, while others may require many years. What is important here is that two basic conditions be met.

--First, these objectives and interests must be clear to decision makers no matter how many times these decision makers are replaced or how different their organizational levels are.

--Second, these objectives and interests are to be stable; this means they are to remain relatively constant and are not to be changed rapidly.

By investigating whether or not these conditions are being met by means of analyzing the courses of Libya's foreign policy, several aspects become evident. Most importantly, it becomes evident that the objectives and interests of the Libyan people are not clear to the leaders of the September coup. Consequently, Libya's foreign policy, with its various implications, is not clear. In addition, Libya's foreign policy wavers and is unstable. All the slogans that have been proclaimed since 1969 are general and have no real meaning. They represent a fundamental departure from the objectives and interests of the Libyan people. [Thus, we might] agree that these objectives and interests are represented in [the following]:

--Building fraternal relations and close ties between the Libyan people and their fellow Arabs and trying to unify Arab and Islamic peoples.

--Building bridges of accord and cooperation between the Libyan people and all other peace-loving and freedom-loving peoples.

--Trying to liberate all nations living under the control of colonialism in various parts of the world.

--Preserving the sovereignty and independence of all countries and members of the international community and rejecting foreign interventions in the internal affairs of any country.

--Firmly establishing a policy of non-alignment and staying away from supporting the international struggle between the superpowers.

--Safeguarding the wealth of the Libyan people and protecting their economic interests.

--Developing the means for cooperation and for the exchange of economic interests with the remaining peoples of the globe on the basis of mutual benefit for the welfare and prosperity of all humanity.

Why hasn't the military regime in Libya tried to achieve these objectives and realize these interests? Because in sum they contradict and conflict with the objectives and interests of the leader of the coup, Mu'ammār Abu Minyār al-Qadhafi. That reply alone may not be adequate confirmation of the fact that this is true. Confirmation of that statement requires that it be tested on three levels: nationally, regionally and internationally.

The National Test

Leaders of the coup adopted glittering slogans that had been proclaimed in the Arab region since the early sixties. They adopted slogans, such as that of Arab unity, without pointing out what the objective conditions for unity were and without providing the suitable climate and the practical means for bringing about that unity. Besides, all the logical components that ought to be pursued to realize the Arab dream were being ignored. All this was reflected in a foreign policy that anxiously courted numerous Arab countries in order to impose a slogan without having the means for turning it into reality. Egypt was the first country to be approached, and other countries that were approached included Syria, Sudan,

Tunisia and Algeria. Another number of countries was approached, but all these attempts failed because they were capricious. What is intended here by the term capricious is that under the intellectual immaturity of the leaders of the coup, in the absence of an ideological framework, and with the leaders' rejection of any association between thought and action as the basis for setting the right course for decisions, attempts that were made for unity were turned into mere arbitrary impulses to impose a slogan, and they were based on Mu'ammār al-Qadhafi's mood. This was evident in the choice of times and methods of unity and in the poor propaganda that was made for that unity. This divested the idea of all the fundamental significance it could be thought to have. Consequently, the objective of the Libyan people in their efforts to unify the Arab peoples was frustrated.

Libya's foreign policy was conducted in the same capricious mode, destroying the objective of the Libyan people to build fraternal relations with their fellow Arabs. Libya exported campaigns of violence to most Arab countries. The earliest attempts manifested themselves when groups [of Libyans] infiltrated Syria from Kuwait and worked in collusion with elements within the Syrian regime to plan a coup to overthrow the regime of Hafiz al-Asad. These attempts failed, however, and they were followed by operations to explode bombs in Egypt's public establishments, trains and stations. Many innocent citizens lost their lives in those operations. Besides, infiltrators were sent into Egypt across the Libyan-Egyptian borders to scare and terrorize people there. In Sudan there were numerous sabotage attempts that were carried out either with the cooperation of Ethiopia and people from south Sudan or with the support of some factions of the opposition in Sudan. In Iraq Mu'ammār al-Qadhafi's capricious foreign policy lent support to the separatist Kurdish movement without realizing the dangerous consequences the success of such separatist movements in the Arab homeland would have on the idea of unifying the Arab peoples. In the same manner and with greater military support Libya's foreign policy helped the Polisario movement in Morocco's Sahara. Numerous attempts that were made to overthrow the government in North Yemen indicated that the leaders of the coup in Libya were behind those attempts, and decisions were made in North Yemen to expel Libya's educational delegation from Yemen. In Tunisia the Gafsa operations constituted a real display of al-Qadhafi's policy of exporting violence which, along with his other capricious policies, destroyed the objective that the Libyan people had in bolstering the effort to preserve the sovereignty and independence of all countries and members of the international community.

In Lebanon Libya's foreign policy indicated in a manner that left no room for doubt that intervention in the internal affairs of other countries was a principle of Mu'ammār al-Qadhafi's policy. He made every person in Lebanon who may be described as a politician or who holds a political position in that country a party in a [possible] deal with his country. The propensity of al-Qadhafi and his clique to be capricious played a role in bringing one faction closer and alienating another.

There was a major disaster in Somalia and Eritrea; it indicated that the notion of national Arab security was totally lacking in the false slogans of unity. What is intended by the notion of Arab national security here is this: any attack on any part of the Arab homeland is to be considered an attack on other parts of that homeland. Accordingly, an infringement on the security of Somalia and on the

rights of the people of Eritrea to establish a national homeland was tantamount to an infringement on the rights of the Palestinian people and on their need to regain their usurped territory. Clarification of that notion is not intended to consolidate national thought in the region; it is rather intended to mean the minimum which no individual in the region can give up.

The absence of a notion of Arab security indicated that the architects of Libya's foreign policy, those who were hired to take over the functions of the so-called Ministry of Foreign Affairs, were two kinds of people. They were either people who lacked courage and competence, or they were so naive and superficial that they were not able to distinguish between the requirements of Arab national security and an alliance with the so-called progressive or revolutionary countries, excluding Ethiopia [and] Russia. The facts and evidence have proven that the objectives and interests of the Libyan people are missing from Libya's foreign policy whose only architect is Mu'ammār al-Qadhafī, a man who undoubtedly lacks the know-how and the practical and mental ability to recognize the conditions and the given facts of the international environment and of international politics.

The total absence of notions that have to do with the objectives and interests of Libyan society and their replacement by objectives and interests of Libya's man in power has made Libya's foreign policy a matter of arbitrary reactions and operations. This is of course reflected in the unilateral decisions which have branded the course of affairs in the country since 1969 and made the capricious character of the September authorities the principal moving force behind all of Libya's policies.

The Regional Test

Since 1969 Libya's foreign policy has served the objectives of the superpowers alternately: western Europe, the United States for a while and the Soviet Union for another while. What we mean here by "the region" is the African continent. Libya's foreign policy led by its architect Mu'ammār al-Qadhafī began a practice of interfering in the affairs of neighboring and friendly countries. Unreasonable practices and military adventures were evident in Uganda, in Chad and in the military clash with Egypt. Furthermore, there was an attempt to create a state of political instability to overthrow existing regimes in numerous African countries. (See the attached table).

The shortcomings of Libya's foreign policy in the region--in Africa--were evident in the following:

First, the Organization of African Unity has been criticized since the September coup in a manner that cast basic doubts about its existence.

Second, some tribesmen and military men were encouraged to rebel against their regimes, and they were given financial incentives and assistance. As a result, numerous Libyan diplomatic missions were expelled and political relations with numerous African countries were broken.

* Translator's note: No such table was attached to this article.

Third, immoral methods were used: gifts and bribes were offered to leaders and political officials in some African countries.

The mature notions of African unity, African cooperation, non-intervention in the internal affairs of other countries and respect for the sovereignty and independence of those countries--and these are thought to be among the objectives of the Libyan people--were as far as any ideas can be from the minds of the leaders of the September coup. Those leaders tried to replace [those ideas and objectives] with the notion of dominance and a desire to control other countries.

The superpowers' use of Mu'ammār al-Qadhafi in Africa was evident in many practices, interventions and military operations that served primarily the objectives of both the East and the West, realizing for both of them once again footholds on the African continent. Libya's foreign policy served Russia by helping Ethiopia against Somalia and Eritrea. It also served the United States and France with the Libyan entry into Chad and with the departure from Chad as well.

The International Test

There was considerable confusion and much foundering in Libya's international policy which, with the knowledge of its first and foremost architect Mu'ammār Abu Manyar, served wittingly or unwittingly and consciously or unconsciously the policies and interests of the superpowers. It did that by sometimes turning toward the West and falling in the arms of a European country like France or Italy, and other times by turning toward eastern countries and the Soviet Union. Thus, the Libyan people's objective of preserving their wealth and protecting their economic interests was frustrated.

Economic deals were made and are still being made, and no attention is being given to the economic feasibility and value of these deals for the Libyan people. Organized looting operations carried out by France, Italy, Britain, Germany, the United States, Russia, Romania, Yugoslavia, East Germany and other countries assumed numerous forms. Offers for [the following] were made: weapons that were useless either because they were obsolete or because they were not suitable for the environment; a few cheap factories for which the Libyan people did not have to pay many times the cost; and agricultural devices and tools that have nothing to do with agriculture. This looting process was organized and continuous, and it was accompanied by bribes and commissions that were paid to men in power abroad and inside the country. Non-existent weapons deals and ill-considered agricultural or industrial economic projects attracted all kinds of swindlers to Libya: from Billy Carter and the men of the U.S. Central Intelligence Agency to the gangs of the Mafia in Italy, Europe and the United States.

From a political standpoint Libya's foreign policy destroyed all the efforts that had been made to bolster the non-alignment policy. Libya called upon many countries to form alliances with other countries, and the matter ended with Libya aligning itself [with the East] and threatening to join the Warsaw Pact. This means that there is no constant foreign policy, and that fact requires an investigation into the stability of Libya's foreign policy.

The notion of stability means the relative constancy of a state's foreign policy which represents the objectives and the interests of the people. These objectives

and interests do not change unexpectedly and suddenly as is the case with Libya's policy. The objectives and interests of a nation are constant, or at least a change in those objectives and interests would require many years and would be subject to new or compelling assumptions and conditions.

The contemporary world has actually not seen any other country whose foreign policy changes as much and as swiftly as Mu'ammarr's capricious foreign policy does. A review of some international events to provide evidence of Libya's shifting and unstable foreign policy may explain a great deal in this regard.

--From attacking Soviet policy without distinguishing between its practical aspects and communist ideology, to praising the Soviet Union and promoting and justifying its interventions in Afghanistan, in Poland and elsewhere.

--From expelling Italian subjects from Libya, nationalizing their possessions, and accusing the Italian government of dominating the Libyan economy, to making contributions to save Italian companies from bankruptcy: by purchasing Fiat stock; compensating Italians who had been expelled from Libya; and by inviting delegations and leaders of Italian parties to visit Libya and to adopt the Third World Theory.

--From supporting national liberation movements, like the rebels of Eritrea, to expelling them, arresting them and forming an alliance with Ethiopia against the rights of the people of Eritrea. The Libyan government ignored the importance of that to the notion of Arab national security.

--From helping the Muslim rebels in the Philippines to inviting Marcos and his wife to visit Libya and stopping Libyan support for the Muslim rebels.

--From welcoming Sultan Qabus, the ruler of the Sultanate of Oman, to attacking him and supporting the rebels of Dhofar.

--From seeking a rapprochement with Saudi Arabia and visiting that country, to condemning Faysal even after his death; and from inviting King Khalid to visit Libya, to attacking the Saudi regime.

--From a total rapprochement with the Egyptian regime during the administrations of 'Abd-al-Nasir and al-Sadat, to planning conspiracies and schemes against the Egyptian people.

--From supporting President Numayri and inviting Sudan to join it in unity, to stirring up dissension and disturbances and conspiring against the regime in Sudan.

--From claiming to be a good neighbor and opening its borders with Tunisia, to sending infiltrators across that border and trying to overthrow the regime in Tunisia.

MOTIVES BEHIND AL-QADHDHAFI'S FOREIGN POLICY ASSESSED

London AFRICA CONFIDENTIAL in English No 16, 3 Aug 83 pp 6-7

[Text]

Libya's involvement in Chad is Col. Gadaffi's way of showing his anger with the OAU. His ideological commitment to Goukouni Waddeye appears minimal. Gadaffi's initial reluctance to embroil himself in another Chad war stems in part from his post-OAU attempts to mend his bridges with the Arab world, particularly with his Mahgreb neighbours. He wanted to re-establish Libyan diplomacy in the Arab world and to be included in the suggested Moroccan-Algerian-Tunisian pact.

Related to both aims was his initiative on the Western Sahara problem prior to and during his visit to Morocco on July 1st. In June, during his lightning tour of North Yemen, Saudi Arabia, Jordan and Syria, King Fahd told him he was concerned, because of lower prices, to stem the flow of Saudi aid to Morocco for arms to fight the war in Western Sahara. If Libya could desist in its support for *Polisario*, Saudi Arabia and Morocco would ensure that moderate African states did not impede Goukouni's advance in Chad. This agreement may well have worked for a short while, which again helps explain Gadaffi's initial reluctance to declare himself openly for Goukouni.

In the ensuing conflict it has been noticeable that Egypt and Sudan have been less than full-blooded in their condemnation of Goukouni, at least in the initial stages of the war. But since Zaire and some of the more outspoken leaders of West Africa such as President Félix Houphouët-Boigny have attacked Goukouni, suggesting Libyan involvement on his side even before it was fully acknowledged, the 'hands-off in Chad and Western Sahara' accord has broken down.

The failure of the suggested accord can be linked with the breakdown of Gadaffi's post-OAU diplomatic initiative in the Middle East. During his tour he attempted to explain his support of Fatah rebels against Yasser Arafat in the PLO. For a while

he seemed to be having some success on this point, as Saudi diplomats somewhat incongruously attempted to find common ground between Riyadh's and Syria's position on the PLO.

The rapprochement soon broke down. On 5 June there was an attempted assassination of the Libyan chargé d'affaires to Jordan, **Abdulkhader Ghouqa**. The Libyan ambassador to Jordan, **Aziz Umar ash-Shunayb**, defected at the beginning of July. Subsequently there were suggestions that Ghouqa, who had been instrumental in running Gadaffi's policy towards the Palestinians, had been shot by Libyan agents to stop him revealing details of Gadaffi's dealings with Arafat and the PLO. (Ghouqa is now under treatment at London's Princess Grace Hospital and is reportedly resisting a move to return him to Libya).

After his defection Aziz Umar ash-Shunayb revealed that Gadaffi had been plotting to assassinate King **Hussein** of Jordan and Yasser Arafat. He also confirmed that the missing Lebanese Shiite leader, **Moussa Sadr**, had been killed by Gadaffi on an official visit to Libya in 1978.

By this stage Gadaffi's credibility in the Arab world was nil. Perhaps hence the need for therapeutic adventure in Chad, though, rationally, he probably wanted to avoid Chad for a while. Presumably he wanted to mend his bridges in Africa as well as the Middle East and knew from past experience that ventures in Chad did not go down well. More specific is the effect of renewed Libyan involvement in Chad on Libya's dwindling financial reserves.

Despite an OPEC-approved ceiling of 1.1m. barrels a day of oil Libya has not reached that target for much this year. As a result oil revenues for 1983 will be well below \$10bn. Current development costs add up to \$5bn, the administrative budget is \$1bn, while \$5.5bn. is being spent on imports and a similar amount on defence. As a result Libya's budget is likely to be in deficit by about \$6-7bn. this year ●

EDITORIAL STIPULATES VARIOUS REVOLUTIONARY GOALS, IDEALS

Tripoli AL-ZAHF AL-AKHDAR in Arabic 18 Jul 83 p 6

[Article by M'Hamed Al-Ghul Al-Qa'idi: "These Are Basic Demands"]

[Text] Just as it is difficult to deal with the crises in the Arab nation, because of their great number, all at one time, and analyze the interconnections and interlinkages among them, so is it difficult to separate these crises from one another.

Through a reading of developments in the Arab situation, in order to produce scientific, logical and analytical conclusions and facts on the true nature of grim reality:

We find that the cause of these crises is the result of the residues of regional, party, fascistic and colonial cultures and the result of acts of treason by the political regimes which dominate and control the Arab masses.

Serious tasks and hard work stand before the Arab revolutionary forces, if one is to put a stop to the successive, consecutive series of Arab defeats, setbacks, frustrations and losses, save what remains of the Arabs from the mass slaughter and extermination that awaits them, and keep from abandoning them as prey before our very eyes, to have their bodies torn apart by the enemies as the enemies tore them apart before our eyes in Palestine and Lebanon. Some revolutionaries, bitterly and in agony, ask a deep question: what must we do?

Where will we begin the struggle?

The reactionaries, as the legacy and the dregs of colonialism in our Arab area, are becoming increasingly reactionary locally and throughout the nation. The bourgeois are becoming increasingly bourgeois, the people who play at parties are becoming increasingly involved in parties, the fascists are becoming increasingly fascistic and dictatorial, the Zionists are becoming more Zionist, vicious, impudent, and bloodthirsty with every day (having decided to obliterate us racially and bloodily in a vindictive racist war supported by world imperialism, under the leadership of the American States, with all its military, economic, technical, scientific and political power

through its dominance of the world's international organizations, the Security Council, the United Nations and so forth), and the Arab poor are becoming poorer and more wretched and every day are sustaining more acts of contempt and blows from their rulers and the Zionists occupying their nation.

How often have we stated this in previous analyses and articles! This time, though, we are pointing out that the beginning of the current struggle with the three open fronts against our nation, namely:

Local reaction;

Zionism;

And imperialism:

Will be extremely easy, when each one of us realizes the gravity of this infernal scheme, analyzes its dimensions, and has the desire and boldness to change it, to understand the local, national and international circumstances surrounding him, to refuse to accept all Arab governments' attempts to explain away the situation that now exists, to make peace with it, to become restricted as revolutionaries to tactics and political maneuvers and to hasten to unleash the radical struggle to destroy the Arab regimes that exist now, all, without exception, right, center or left, now that their bankruptcy and inability to save Palestine and Lebanon have been proved, as corrupt regimes, along with their rulers, their values, their notions, and their relationships, which have been deeply implanted, like poisoned knives, within the body of the Arab nation.

Let the graven idols of Egypt, the Sudan, Iraq, Somalia, Oman and the other idols ruling over the Arab masses and paralyzing their human and military resources be crushed.

Just as the idols of Iraq, of the likes of Faysal, 'Aba al-Ilah, Nuri and 'Abd-al-Karim Qasim, were previously crushed, and the idols of Libya like Idris al-Sannusi, the idols of Egypt like al-Sadat, the idols of Lebanon like Bashir al-Jumayyil, and the idols of Palestine like 'Isam al-Sartawi, and the agreement of Stable David, the Lebanese-Zionist agreement of shame, and the other treasonous plans which are to be considered a development of these scandalous agreements were crushed, just as the Baghdad Pact, which ripped away an Arab region, Iraq, and used it against its Arab homeland, was destroyed before.

What Is Required of Us As Revolutionaries:

First, in the domestic context:

The ranks of the revolutionary force of revolutionary committees must be reorganized and given a radical ideological structure in a sound, effective form which will enable it to succeed in its struggles against the forces of reaction, Zionism and imperialism and obtain its objectives as a movement for liberating peoples from all elements of repression and fraud.

Before the revolutionary force lies the task of organizing itself into people's conferences, educational conferences, vocational and productive conferences, and military units, and creating a winnowing within them, purifying them of opportunists, people with personal interests, members of cliques and fascists, and attracting to them new revolutionary elements, packing them with more aware, educated revolutionary forces in the form of professors and specialists, paving the way before them, breaking the monopoly of revolutionary action, and seeing that that not be restricted to a specific group in revolutionary garments, in order to assert revolutionary justice and implant the foundations of mass theory in the hearts and minds of the masses of the people.

It is necessary to pack thousands of participants of the five past revolutionary meetings in practical cells and specific revolutionary missions inside and outside the Jamahiriyah, for instance fighting with international revolutionary movements on their various stages, proselytizing for international revolution in Africa, Asia and Latin America, so that the extent of the faith of this force in the revolutionary doctrines which they embrace may be confirmed, and to ascertain the degree to which they grasp the extent of the challenge the mass revolution in Libya is faced with in the world from the forces of imperialism, the bourgeoisie and the dominant class, under the leadership of America.

Requirements demand that a sixth meeting of revolutionary committees be held in the coming period, in order to rebuild the revolutionary committees, discuss their method of operation, determine their missions in the future, especially after the successes they achieved in their struggles with the forces of the bourgeoisie, the people who play with parties, reaction, and imperialism, and review the revolutionary tasks that have been accomplished.

Second, in the national context:

We do not believe in the language of the impossible. There is very strong hope that numerous mass revolutions will soon erupt within a number of Arab countries governed by regimes organically linked to imperialism and Zionism which blatantly and overtly declare their enmity toward our Arab nation.

One can be totally sure and confident that their rulers are now living through moments of countdown, because we know of the existence of thousands of revolutionary committees and secret people's conferences in these countries, in the armed forces, the universities, secondary schools, and factories, which contain Arab masses in the form of women and men alike. This demands that they bring the zero hour closer and hasten to unleash a number of new mass revolutions in the coming period and destroy a number of dwarf beings that exist now, so that these revolutions can be added to and recorded among the historic immortal days in the life of the Arab masses, 23 July 1952, 14 July 1958, and 1 September 1969.

Third:

The exercise of the maximum possible revolutionary violence against the proponents of reactionary cultures, in the form of the bourgeois, the people

who play at political parties, the regionalists and the fascists in the Arab nation, and the hastening of the launching of civil war against them for the sake of guaranteeing the success of our battle against Zionism and imperialism.

Fourth: The Arab masses in every Arab country, who have not yet organized themselves and taken initiatives, should organize themselves into revolutionary committees and organized secret and open people's conferences, according to each country's circumstances, so that it will be possible to get in contact with them through the mass revolutionary organization in the jamahiriyyah (the revolutionary committees) and determine the duties that derive from their existence as revolutionary cells whose task is to liberate the Arab masses and territory and establish a single nation for the Arabs from the ocean to the Gulf.

Fifth: The Arab armies in the countries bordering on Palestine should rebel with their airplanes, tanks and artillery, open fire on the enemy, and wrest the initiative from him, in spite of their rulers, and get them involved in the war, on condition that this battle begin with a group of pilots or artillery officers and soldiers who will direct fire toward the enemy with the objective of fragmenting his efforts and resources and striking at his concentrations, then will incite other Arab soldiers and officers, so that they will be joined by people who have their same characteristics and objectives in revolutionary outlook, courage, and faith in the need to liberate Arab territory, and build a legitimate national entity for the Arab masses on the rubble of the reactionary governments and their gates, borders and dividing lines within the Arab nation, so that these revolutionary individuals can be recorded among the heroes of history who sacrificed themselves for the sake of their peoples' causes.

The struggle these revolutionaries begin should continue until the attainment of the final historic victory over the enemies of our nation, in the form of local reactionaries, Zionist occupiers and marauding imperialists.

Sixth: The escalation of Arab guerrilla action within Palestine and Lebanon as well as the other fronts facing Palestine, compelling their regimes to join it so that it will encompass more than one area and will extend to any place where the enemy is located.

Seventh: Pressure of all forms on the Arab oil governments now in being, in order to use oil as one of the weapons in our struggle, preventing its export to Europe, even if that leads to the detonation of the oil in the oil wells and the detonation of the ships transporting that to Europe.

Eighth: Hastening the establishment of mass fighting union between the jamahiriyyah and Syria based on the foundation of armed struggle and people's war, as a sole option for the liberation of occupied Arab territory and the mobilization and conscription of all the idle Arab material and military resources in the remaining Arab countries, to stand up to the Zionist caravan of death.

Ninth: In the international context:

Moving the struggle, with intensity, in revolutionary fashion, into the imperialistic European countries which are nourishing the Zionist entity in Palestine militarily, financially, technically and scientifically, and putting pressure on their weak spots in order to destroy their interests, liquidate their symbols, and support all opposition movements within them.

Tenth: Cutting off the arteries of Zionist migration coming to Palestine from the countries of Europe which nourish the Zionist entity with manpower, by conducting guerrilla activities which will be a lesson for the future, along with the necessity of escalating suicidal Palestinian revolutionary activity within Palestine to compel the Zionist settlers to emigrate in reverse, from Palestine to the countries from which they originally came.

That is the only option that is before us. We have no option other than that, if we want to save what is left of our nation and our outraged honor.

Otherwise, we should hold fast to the reactionaries, Zionists and colonialists, lick their boots, eat the leftovers of their garbage, and realize their goals of destroying the honor of our wives and sisters, disemboweling them before our eyes, and destroying and occupying what is left of our Arab nation, seeking to create a formula of servitude, oppression and poverty, sanctifying the rulers with bloated pride and bellies swollen with your sweat, efforts, and blood, and applauding them, Arabs.

These are basic requirements for the struggle, if you want to be saved.

11887

CSO: 4504/504

DIMENSIONS OF ECONOMIC AUSTERITY PROGRAM DISCUSSED

London AL-HAWADITH in Arabic No 1395, 29 Jul 83 p 49

[Article by 'Adnan Karimah: "Sahara War Tax"]

[Text] The Moroccans have been surprised by the government of their monarch, King Hassan II, embarking for the first time ever on changing its financial position in the middle of the year and adopting an "austerity" program, described as unprecedented in the kingdom's history, to revive the deteriorating economic situation.

Several factors have contributed to the decline of the Moroccan economy in recent years, the most important being:

First, the international economic stagnation that has contributed to the decline in Moroccan exports, especially phosphate, which are considered among the most important mainstays of the Moroccan economy. This is in addition to the competition confronting Moroccan products in the European markets. It has been noted, on the other hand, that there has been an increase in imports. This has intensified the balance of trade deficit.

Second, increased government spending. This spending has proceeded along two lines: ordinary spending on administrative activities and on development projects that have cost large sums and military spending, which has increased because of the Sahara war.

As natural outcome of the growth in spending, the foreign debt has grown at high rates in the past 5 years, rising from \$1.3 billion in 1978 to \$9.5 billion by the end of 1982. This figure stood at more than \$10 billion by the middle of this year.

Morocco ranks third, behind Algeria and Egypt, among Arab countries borrowing from abroad. However, its position insofar as debt servicing to international reserves is concerned is close to that of Egypt (exceeding 200 percent) and is far behind Algeria (nearly 60 percent).

But will the austerity program help save the Moroccan economy?

The financial amendment bill presented by the government to the parliamentary committee concerned includes changes that will lead to:

A reexamination of the program for borrowing from foreign sources with the aim of reducing the impact of this borrowing on the Moroccan economy.

A reduction in government spending. The amendment calls for the elimination of nearly 19,000 government jobs, thus saving the ordinary budget, estimated at \$3 billion, the sum of \$185 million, or approximately 6 percent. The bill also calls for reduced spending on investments, thus making it necessary to reexamine the 5-year development plan. Two years of this plan have passed; in these 2 years, the plan has moved with a slowness that has attracted the attention of observers.

An increase in state revenues from taxes and fees. The government program calls for levying a special tax of 500 dirhams (nearly \$75) on every Moroccan wishing to go abroad.

It is noted that pilgrims, students and emigrant workers would be exempt from this tax.

There is no doubt that the Moroccans are feeling the hard impact of the austerity program drawn up by the government on their living conditions. But it seems that this is an inevitable evil, which they call the "Sahara war tax." But will the program pass without a political and popular uproar?

The opposition parties have received the program and have begun to play their democratic game of criticizing the government "inside the Moroccan parliament." These parties are, of course, eliciting some response from some elements in view of the significant consequences that will flow from implementation of the austerity program, which will increase the unemployment rate and the number of Moroccans emigrating from the country, keeping in mind that the program itself encourages emigration by exempting students and emigrant workers from the travel tax.

8494

CSO: 4504/519

SPREAD OF CORRUPTION DECRIED; REMEDIES DISCUSSED

Religious Official's Views

Khartoum AL-SAHFAH in Arabic 19 Jun 83 p 6

[Text] Upon taking the oath of office before the National People's Assembly, the leader president pledged to launch during his third term a concerted campaign to confront all aspects of corruption and deviation in the judicial and public service agencies and in national life and to exert utmost efforts to purge the public service of the maladies of graft, betrayal of trust, dishonesty and corrupt morals.

In the series of interviews that we start today, we will launch this campaign with a definition of the meaning of corruption from a scientific angle so that we can identify the means to fight this corruption and its very causes so as to purge our society, as much as possible, of the maladies that have afflicted it and of the impurities that have undermined some of its morals. We are confident that some of the causes of corruption arise as an objective result of the major transformations that accompany the immense movement of the Sudanese society in its daring effort to achieve change. This is because progress has its own values and traditions that create the new society and has its own criteria for judging the actions of individuals and groups. But the glue that holds societies together as they change and progress continues to be the sublime ideals that control a society's actions and course so that the law of the jungle does not prevail. We have addressed out questions to thinkers, scientists, clergymen, educators, sociologists, economists and specialized and experienced people to seek their opinions before we turn our campaign to the crux and essence of the issues, throwing the doors open wide to whoever wants to contribute or to perform a positive role while asserting that every citizen has a role that challenges him and that we will accept any information sent to us about corruption and deviation in any public and nonpublic work place.

The success of the campaign against corruption and deviation, with all their causes, depends on the participation of everyone. Our doors are open to receive all letters, complaints, information and documents that might help relieve us of this malady that has begun to erode our morals, traditions, values and sublime ideals.

Dr 'Abd-al-Malik 'Abdallah al-Ju'li, secretary general of the Higher Council for Religious Affairs and Trusts, defines corruption as deviation from the right path and desertion of what is right. This deviation assumes various forms, including the corruption of conscience and of social conduct.

He adds: All the various aspects of corruption that we see are nothing but the reflection of faulty behavior that is approved by neither tradition nor the law.

Dr 'Abd-al-Malik also says: Corruption in its present form has, regrettably, become a reality under which our society now lives. Some people engage in this corruption in response to certain influences and, to my mind, because of a weak religious background among people with little education. This background is the safety valve for both individuals and groups in society. When the basic structure of this background is shaken, the individual's will to cling to values and ethics collapses. With the weakening of this background, it is natural to see the corruption of conscience--a corruption reflected in the permissibility and pervasiveness of graft to the extent that people have come to consider it ordinary and to see nothing repugnant in it. Another manifestation of deviation in human social behavior is to see pride and manliness beginning to lose their real significance as a result of the family disintegration that has begun to surface in some social sectors and that is reflected in the immoral acts in which large numbers of young men and women and others engage. Another manifestation of corruption and deviation is embodied in man's failure to respect women in the sphere of public contact. Generally, this corruption is reflected in the disintegration from which our society now suffers.

Dr 'Abd-al-Malik points out that if corruption has become a fact in our life and if it has become a threat to our Islamic heritage, then the solution to this problem lies in following two paths, one long-range and the other short-range.

The first path is to reprogram and replan the educational studies at our universities, institutes and schools. Dr 'Abd-al-Malik adds:

It is good to see concerted efforts in this respect as manifested in the establishment of a college of Islamic studies at Khartoum University and the allotment of periods for reading of the venerable Koran at various colleges, especially the science colleges. This is in addition to the general intellectual activity that the Students Union pursues. There is also the Omdurman Islamic College, which, by virtue of its structure and development, is designed to serve Islam and to protect it from attempts to divert its message from its sublime goals. The schools at various levels are also developing activities focused on entrenching our sublime principles in the minds of the youth. Efforts are now being exerted to reprogram and replan the Islamic education curricula.

Dr 'Abd-al-Malik says that when all these goals are fully planned and implemented, then there will be no doubt that we will have led the youth in serious steps on the right path and to a solid background of firm Islamic beliefs. The effects of all this will be reflected in the fight against corruption and deviation and man will behave in the light of the fundamental principles of ethics and religion.

Speaking of the short-range solution, Dr 'Abd-al-Malik says:

The Higher Council for Religious Affairs and Trusts is currently doing a lot, through the channels it uses to spread its instructions to society, to fight this deviation. A strategy is now being developed and the committees entrusted with developing it have made great strides toward its completion. These committees are comprised of the best university and higher institute professors and personnel of the Higher Council for Religious Affairs working in the sphere of Islamic thought and religious guidance.

The goal behind this strategy is to unify and intensify religious action in order to produce greater results. Without a unified program, the efforts are dispersed and this dispersion of effort serves not so much achievement of goal as it does the obstruction of progress.

As for the emphasis on intensifying efforts in the sphere of preaching and guidance, Dr 'Abd-al-Malik points out that there is the Preaching House [dar al-da'wah], whose task focuses on spreading religious guidance among the people through the various information media, such as the press, radio, television, cultural centers and public squares, in addition to managing the mosques and utilizing their pulpits as an effective instrument in guiding the Islamic society and the masses who frequent these mosques.

As for the role of the religious trusts in strengthening this strategy in particular and the goals of the Higher Council for Religious Affairs in general, Dr 'Abd-al-Malik says:

Studies are being conducted with the aim of developing and utilizing the resources of the religious trusts to serve the council's goals of spreading religious awareness and to enable this council to achieve its goals by using the means of dissemination to cover the broadest possible populated areas.

Speaking of the role of women in the sphere of Islamic preaching and guidance, Dr 'Abd-al-Malik says that there is an independent department for women's guidance that operates among women's circles and includes within its jurisdiction the kindergartens of Muslim children, which are founded on an Islamic educational program to raise children in a purely Islamic manner.

As to whether certain circles support the role of the religious affairs [council] in bringing up the new generation, Dr 'Abd-al-Malik says:

The participation of the agencies concerned is essential in order that all efforts will unite and not disperse in fighting the modern heresies that have been catastrophic to society and that have created in society the flaws from

which we have been suffering and which we are trying to eliminate. In this regard, certain government units, such as Social Welfare, the Ministry of Internal Affairs, the Youth and Sports [Agency] and the media—including the press, radio, television and other sources—contribute to this effort.

Returning to the phenomenon of deviation and corruption, Dr 'Abd-al-Malik 'Abdallah al-Ju'li, secretary general of the Higher Council for Religious Affairs and Trusts, says:

As we have already noted at the outset of this interview, corruption in itself constitutes a violation of the law. In this sense, it must be contained by special provisions in the penal code, provisions that serve as a warning to whoever thinks of committing this disgraceful crime, so that the matter will not be left without a deterrent prohibiting those waiting to commit sin from committing it or otherwise bear the evil consequences and punishment that come at the expense of the perpetrator's dignity and reputation and, ultimately, his relationship with society—a relationship that is shaken as a result of the crime he has committed.

Dr 'Abd-al-Malik goes on to add:

In this respect, I have two observations to make on the laws regulating behavior and deterring deviation.

First, in my view, the penalties stipulated in these laws are not commensurate with the dimensions of the corruption and deviation that have spread through broad sectors of society. He adds:

Perhaps what confirms what I have said is the deterioration that has begun to sweep many of those who have direct contact with broad sectors of the public who have general business to conduct. One can no longer get what is his right unless he gives and spends generously and unjustifiably. On the other hand, there are those who encourage the taking of graft as an incentive to those who can simplify or complicate matters. The crime of those who encourage graft is just as ugly as the crime of those who accept the graft as a price for performing a duty they are supposed to perform.

Dr 'Abd-al-Malik adds:

In light of these facts, and while we are trying to lay down new bases for confronting one of society's most serious diseases, this law must be amended so that the penalty is commensurate with the dimensions of the crime committed. Some of these crimes are tantamount to sabotaging the national economy, some are damaging to virtue and some are corrupting to people's morals.

By all criteria, these are serious and rapidly contagious crimes whose consequences are destructive to the family and to society as a whole.

The second observation, says Dr 'Abd-al-Malik, is no less important than the first, although it pertains to individual behavior vis-a-vis society. It reflects the degree of disintegration and deterioration in the morals of some

of society's members. Efforts must be launched to confront and to stop the encroachment and spread of this phenomenon.

Shedding more light on the nature of this phenomenon, Dr 'Abd-al-Malik says: It started with the disintegration of the family as a result of the weakening grip of the shepherd over his sheep. Society's shepherds are represented by the parents at home and by the teachers in schools and institutes at various levels. As long as the student is getting his education, he needs further guidance and enlightenment.

Dr 'Abd-al-Malik adds:

The true nature of this disgraceful behavior is reflected in society, in the street and in places of recreation where the recreation is not innocent and where all forms of disgraceful behavior imaginable are displayed. It is also reflected in public vehicles [means of transportation] where acts that have nothing to do with good taste or with minimal upright behavior are committed. Some people whose minds and hearts have been invaded by corruption believe that any woman emerging in public can be accosted and harassed. This is the ultimate in corruption.

Dr 'Abd-al-Malik adds:

This is why, confronted with this moral deviation, we must move to stop the danger so that it does not snuff out the remaining ray of hope. In this respect, the security agencies must exert sincere efforts to set up a special agency for public behavior control (vice squad).

Concluding the interview, Dr 'Abd-al-Malik says that when efforts unite behind these immediate and long-range solutions, they will gain momentum in moving toward the goals and will put a final end to the corruption we are experiencing. He adds that there is great hope that we will achieve this result as long as those concerned have exerted efforts and continue to exert further efforts to develop the means to fight corruption in every shape and form and to eliminate it once and for all. Foremost among these means is the use of the information media, such as the press, radio and television, as instruments that impose their presence and that reach broad sectors of society. Despite their importance and significance, these media require that we pause to think again how we can use these media effectively to confront the dangers of corruption.

The question of how to use these media leads us to say that we could intensify efforts to make the campaign to fight corruption successful. These efforts might take various forms, including debates, stories, novels, jokes (light-hearted) and perhaps examples of the various types of corruption. I say that there is no absolute success. But there is something close to success and this is what we seek to accomplish with the various information media, and God is the giver of success.

Thus ended the interview with Dr 'Abd-al-Malik 'Abdallah al-Ju'li, secretary general of the Higher Council for Religious Affairs and Trusts, on corruption

and deviation and on how to confront this phenomenon that has begun to spread, intensify and impose its presence as an inevitable fact that must be acknowledged and dealt with.

Editorial Comment

Khartoum AL-SAHFAH in Arabic 19 Jun 83 p 12

[Editorial by Buthaynah 'Abd-al-'Rahman]

[Text] We are like a drowning person clutching to a straw. We are overjoyed that the issue of corruption is raised in the hope that it will be dealt with and eliminated, considering that it has become like an octopus extending its tentacles to numerous facilities and poisoning numerous organizations, like a cancer.

Our society, by virtue of the change it is undergoing, is exposed to numerous phenomena that it has never before witnessed in its long history, keeping in mind that change is no excuse. Upright societies change, develop and are transformed by modern life while continuing to cling to their genuine character and their virtuous customs.

Regrettably, the opposite is true in our society. Many of the new customs have overwhelmed our good customs, and this has caused us to suffer from a social flaw that is difficult to cure.

Thus, what was proscribed before, such as theft, graft and lies, has become an act of cleverness and smartness and a matter of coping with difficult living conditions.

Conditions are difficult, it is true. But shouldn't we pause briefly to ask what has created this difficulty?

Our economic situation is deteriorating, but we are reaping what we have planted because we spend and do not work and because work, especially in the public sector, has sunk to low standards.

A careful examination reveals that we all contribute to corruption by paying more than the set price, by favoritism and by keeping silent about what is wrong. All these things start small and grow gradually as long as they are easy to do and as long as the rule is "scratch my back and I'll scratch yours."

The call to fight corruption is a call addressed to all control agencies so that they advance with a unified strategy and arm themselves for a ferocious war. Corruption and corrupters are a force for which we must prepare a [counter]force and weapons. What is more important than all this is the presence of the good example and the deterrent law. The amount of public money stolen from last fiscal year's general budget exceeded 1 million pounds and all that was done in this regard is to file lawsuits that are waiting with the other waiting lawsuits.

The widespread corruption in various sectors is nothing but a reflection of our social behavior. Wiping out this corruption should not be confined to speeches and denunciation but must extend to serious efforts from top to bottom until this country is purged.

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CSO: 4504/503

NATION WEATHERS OIL PRICE DROP

London AL-MAJALLAH in Arabic No 177, 2-8 Jul 83 pp 46, 47

/Article: "In Spite of the Drop in Oil Revenues, There Is No Recession in Bahrain"/

/Text/ The drop in oil revenues has faced some Arab oil-exporting countries with a new situation, compelling them to review their development projects in the light of new economic developments and to guide spending in a manner that is in harmony with the actual state of national income and long-range development aspirations. However, Bahrain embodies a distinctive situation in this context. Although it depends on oil exports for 70 percent of its income, the emirate's economic prosperity in general has been less dependent on government spending than some other gulf countries. That may primarily be attributed to official encouragement of private sector activity on various levels for more than 15 years.

In the light of these facts, the economic situation in Bahrain seems less affected by the decline in oil revenues than some economic analysts had expected. The growth rate in the first 6 months of this year ranged from 4 to 5 percent, in comparison with a real gross national product growth rate of 8 percent in 1982. Although Bahrain is experiencing a relative rise in inflation rates, the possibility that the Bahraini economy will be exposed to recession seems to be far fetched so far, and all signs indicate that Bahrain is continuing to move the wheel of development projects forward. In fact, Bahrain has not ventured to cancel or postpone the construction of any of the major infrastructure projects it has started, such as the road linking it to the Saudi mainland, whose costs are estimated at \$450 million, the petrochemical industrial complex or the iron and steel plant.

Bahrain never was a major exporter of oil, and consequently it was not possible for it to amass massive foreign currency reserves. Before Bahrain became an oil producing country, it played the role of the "commercial warehouse" for the Gulf region, then used its modest oil and gas income to develop some industries and establish an advanced service sector.

Diversification of Income Sources

Oil and gas exports account for about one third of Bahrain's gross national product, while industry, including the aluminum smelter and the oil refinery, account for about another third, and the service sector the final third.

The service sector in Bahrain consists not just of the official bureaucracy, but also the field of financial services as well. Foreign banking units alone absorb about 2 percent of working manpower, and financial services in general, that is, including commercial banks, account for about 10 percent of gross national product.

In spite of that, oil and gas account for more than 70 percent of Bahrain's exports and about three quarters of the government's income. Conversely, government spending accounts for about two thirds of gross national product. The source of the other quarter of government income, after oil and gas revenues, is customs duties, taxes and Arab aid.

In 1983, total aid from Saudi Arabia, Kuwait and the state of the emirates to the Bahraini budget came to 62 million Bahraini dinars, that is, about \$147 million. The Bahraini government has pursued the policy of balancing its annual budget, and usually realizes a budget surplus. As an example, the final fiscal results for 1982 were positive, since the value of exports came to 1.3 billion Kuwaiti dinars (\$3.4 billion), as compared with 1.2 billion dinars' worth of total imports in that year. Although these figures show some decline relative to the previous year, they are to be considered good, when the losses recorded by the aluminum smelter, which came to \$22 million in spite of the rise in the plant's output in 1982, are taken into consideration.

It appears that some of the allocations to the 1982 budget were not spent, since this budget provided for expenditures and revenues of 560 million dinars, of which 262 million were to be development expenses; of this, only 175 million dinars were spent in practice. In addition, savings were made in the context of current expenses as well.

The savings realized in the 1982 budget will have a positive effect on this year's budget, since it is expected that the current budget will record a revenue deficit which official offices estimate at about 1 million dinars at least, since the government has planned to spend 646 million dinars and estimated its revenues at 645 million dinars. For this reason, the government hopes that the recycling of the savings that occurred in the budget last year will lead to the balancing of revenues and expenditures, in the worst of cases.

As far as revenues go, the basic lack of clarity in estimating their actual value may be attributed to the offshore Abu Sa'fah field.

Oil Revenues

It is well known that Bahrain's oil production started to decline some time ago. Its oil field is now producing about 43,000 barrels a day; official oil circles expect that this production will drop by 3 to 5 percent a year until the oil reserves are depleted 20 years from now. Official circles do not show any obvious optimism that new oil discoveries will be made, since the concentrated drilling work which has taken place up to today has not succeeded in finding new fields. However, Bahrain, on the other hand, does get half the revenues from the Abu Sa'fah field, which the Kingdom of Saudi Arabia operates, and gets a monthly check for its share of the revenues from that field.

In 1982, Bahrain's oil revenues were broken down as follows:

396 million dinars in net revenues from crude oil exports, 227 million of which were from the Abu Sa'fah field.

Eight million dinars in revenues from natural gas.

Twelve million dinars in taxes on oil.

That is total oil revenues came to 416 million dinars. The 1983 budget has provided for an income of 476 million dinars from oil revenues, of which 322 million dinars will have to be obtained from the Abu Sa'fah field. In addition, it has allowed for a marginal rise in gas revenues (9 million dinars, instead of 8 million), and a stable income from oil taxes (12.7 million dinars).

In another area, vagueness also surrounds the realistic evaluation of revenues from the refinery, whose capacity totals 250,000 barrels a day, since, although a production of 100,000 barrels a day will meet the minimum costs of operating the refinery, it has obtained substantial profits lately, after it managed to refine about 175,000 barrels a day.

In the light of this vagueness surrounding the realistic estimates of Bahrain's revenues, the recycled savings from the 1982 budget constitute the principal guarantee that spending on development projects will continue and that there will be no compulsion to delay some or cancel others. In this area, it is worth pointing out that the current figures on the budget are part of the draft for the 4 years 1982-1985, which has the objective of spending 1.4 billion Bahraini dinars during that period, on the basis that the budget will provide just two thirds of the sums earmarked for this draft, and therefore the substantial allocations for building the route from the island to the Saudi mainland, at a cost of \$450 million, will be provided in full by the Saudi Kingdom.

In Deliberate Progress There Is Safety

Since the expenditures and revenues of the 4-year plan were estimated over a time period of 4 years, the Bahraini authorities have considered it appropriate to "extend" the stipulated period for the execution of the 4-year plan projects by 2 additional years, that is, to transform the 4-year plan into a 6-year plan and to keep these projects, rather than postponing or cancelling them. That is, in brief, Bahrain has preferred a slowdown to delays or cancellations. Informed sources do not rule out the possibility that the slogan of going slow will extend to the financial service sector as well; these circles expect that the activity of the 72 foreign banking units will also be reduced and that a number of them will leave the emirate, because of the international debt situation, which is not encouraging at the present time. In spite of that, the state of the Bahraini economy appears promising in the long run, since the diversification of income sources in the emirate has not stopped, and the Gulf Cooperation Council will continue its material support for Bahrain, especially regarding military expenditures.

CAUSES OF STOCK MARKET RECESSION SURVEYED

Manamah AL-MAWAQIF in Arabic No 478, 13 Jun 83 pp 8-11

/Article by Sami 'Imarah: "The Stock Market Crisis in Bahrain: The Problem and Outlook for the Future"/

/Text/ What is happening now in the stock market in Bahrain is strange and amazing; absolutely no one expected it. The prices of shares in the Bahrain market recorded a drop for the second time in the last 3 months. The first drop was last January, when the prices of stocks that had reached 12 dinars declined to 7.8 dinars. Then came the second drop, which came with the beginning of May and led to the infliction of damage of varying effects on a large group of people dealing on the stock market.

The odd aspect of the matter is that the stocks whose prices were subject to a decline were those of companies with excellent reputations. These companies had previously realized large profits; they are companies that are active in excellent fields and realize profits, most of them are companies with deep roots in the market, but nonetheless the prices of their shares dropped, and the volume of their shares transacted on the market began to decline.

People active in the area of stock activity say that the real start of the crisis occurred at the start of this year, specifically in the first 3 months, January, February and March, when the index of the share prices of Bahraini corporations began to register a large drop. The decline then continued in the middle of March, reaching 40 to 50 percent of the December 1982 value of the shares.

The Bahrain Chamber of Commerce and Industry was never far away from what was going on in the stock market and the drop that occurred in stock prices, subjecting many people to severe crisis. However, it of course was not like the al-Manakh market crisis in Kuwait, as Mr 'Abd-al-Nabi al-Shu'lah, member of the board of directors of the Bahrain Chamber of Commerce and Industry, asserted to me.

In any event, the early signs of the crisis began to appear, and in addition the Bahrain Chamber of Commerce and Industry decided to hold a symposium on the stock market crisis in Bahrain this 27 June, to be attended by Messrs Ibrahim 'Abd-al-Karim, minister of finance and national economy, Habib Ahmad Qasim, minister of commerce, 'Isa Burashid, deputy minister of finance, Hasan al-Nisf, deputy

minister of commerce, 'Abdallah Hasan Sayf, the governor of the Bahrain Monetary Authority, Shaykh Ibrahim al-Khalifah, deputy governor of the Bahrain Monetary Authority, and Ahmad Habil, director of the Department of Commerce and Companies in the Ministry of Commerce.

First of all, how did this slump in stock prices occur? What were the reasons for it? What indices and the factors led to it? Are there any solutions?

In an attempt on its part to set out a picture of what is happening in the stock market and what could happen in the future, AL-MAWAQIF is beginning to attempt to obtain answers to all these questions.

At the outset, our meeting was with Mr 'Abd-al-Nabi al-Shu'lah, member of the board of directors of the Bahrain Chamber of Commerce and Industry and chairman of its Information Committee. He is the man in charge of preparing for a symposium on the stock market crisis in Bahrain, which is being held with the Bahrain Chamber of Commerce and Industry this 22 June.

Numerous Reasons for the Deterioration in Stock Prices

Mr 'Abd-al-Nabi al-Shu'lah, member of the board of directors of the Bahrain Chamber of Commerce and Industry and a well known businessman, stated:

"The rapid deterioration which occurred in stocks began at the beginning of this year. The reasons for it were numerous, and have been raised for discussion. There are foreign causes and domestic ones for this deterioration in stock prices.

"First there was the phenomenon of stock prices. After the first three months, February, March and April, from the beginning of the year, when the banks declared the distribution of grants in stocks, there was a supply, or surplus, of stocks in the market, and people who wanted to sell their stocks, after learning how many of the shares they would obtain as grants, started to offer these shares for sale; this of course resulted in some drop in prices. Prices then rose after that, reaching their sales peak in September, October and November. People who are interested in the stock market observed such a peak in past years.

"In this base year, I believe that the al-Manakh market in Kuwait had a big effect on the local market in Bahrain, and shook people's confidence in general as far as investment in stocks was concerned. This was clearly apparent with Gulf stocks in Bahrain, because of their direct connection to the Kuwaiti market, or, more accurately, the al-Manakh market in Kuwait. There is no doubt that if anyone is shaken by any investment reversals, they will have an effect on all his commitments, and this has had its effect on the shares of local companies.

"The al-Manakh market also had an effect in another way: many of our Kuwaiti brothers dealing on the al-Manakh market who had dealings and suffered losses had other investments in Bahrain, in land and in cars; after conditions in the al-Manakh market deteriorated, they were compelled to get rid of some of their investments in order to obtain cash to pay off their commitments in Kuwait. A group of

investment opportunities or chances were offered on the market, and these offerings were at the expense of the stocks.

"For example, if an investor found a good plot of land and found an opportunity to buy it, he would sell his stocks to do so.

"The oil crisis, or the drop in oil prices, has had a role in developments in regard to the matter of oil stocks, to a lesser degree in Bahrain, of course, because it has managed to develop other resources, though it continues to rely on oil revenues for around 80 to 85 percent of its income. The drop in oil revenues involves a specific effect on the volume of government spending through which the citizen or the investor can develop or reduce his investments. This decline has created a sort of wariness and caution among investors in the market.

A Climate of Awareness and Caution Because of the Oil Situation

"The important thing is that a climate of awareness and caution was created as a consequence of our current oil situation--awareness and caution in guiding expenditures, in spending, and also in investments. This has led to an aversion among many investors to buying more stocks, and perhaps to the fact that some people sold some or all of the stocks they had.

"All these factors of course had their effect on the drop that occurred in stock prices."

/Question/ Did the drop in stock prices have an effect on domestic corporations, however?

Mr 'Abd-al-Nabi Shu'lah replied, "Yes, it had a direct effect on domestic corporations. People in need start to sell. This has without a doubt had an effect on the condition of the stocks, then on the condition of these companies. When investors who have stocks see that the Gulf stocks have deteriorated to a large extent, they resort to selling local stocks in order to get better prices, and start to get rid of their shares in domestic companies, because they can obtain better, more preferable yields by selling them."

The Board of Directors of the Bahrain Chamber of Commerce and Industry is Concerned about What Is Going on

/Question/ What, however, has the Chamber of Commerce and Industry done? A large number of its members are supposed to have invested their money in stocks.

Mr 'Abd-al-Nabi al-Shu'lah replied, "The Chamber of Commerce, at a board meeting which was held recently, discussed this matter as representatives of the private sector. The board expressed its concern over what is happening now with regard to the stock market. However, the merchants are still part of the investment sector in Bahrain, and this problem does not concern just the merchants or members of the chamber, but rather the investment sector as a whole. If interest is shown, it will have to be directed toward the small investor, the employee who has devoted part of his salary to invest in the area of stock investments. This interest has

been reflected in the decree of the board of directors organizing a symposium on stocks to which it will invite a large group of senior government officials and a group of investors, in order to put some ideas into concrete form and investigate the returns. 27 June has been set as the date for holding this symposium.

"The Bahrain Chamber of Commerce and Industry became interested in the issue of stocks after it was noted that the price index for local corporations had started to fluctuate and decline at the beginning of this year. In the middle of last March, the decline reached its peak and the worth of people dealing in the stock market dropped by from 40 to 50 percent of the value of the December 1982 prices of the registered stock. This development in turn led to damage with varying degrees of effect on a large segment of the people dealing in the stock markets.

"However, how did this retreat occur? What were the reasons for it? What are the indices and factors that led to it? Are there solutions? What views are there of the future? These are the questions which the symposium will try to answer by holding a dialogue with the basic parties connected to the stock market.

Premises on the Dialogue in the Symposium on the Stock Crisis in Bahrain

"The premises of the dialogue in the symposium on the stock crisis in Bahrain which the Bahrain Chamber of Commerce and Industry will hold will concentrate on the following points:

"The number of companies and the volume of the transactions.

"The Bahraini traders, their investment and stock purchase and sale orientations, and the nature of the factors which determine these orientations.

"The Gulf traders, their investment orientations, the nature of these orientations, and their effect on Gulf trading.

"Agents or financial intermediaries and their role and responsibility: are they intermediaries between buyers and sellers, or investors?

"The laws and measures regulating the process of trading and dealing in stocks, government oversight, the true nature of the movement and growth of the market, and the stock trading mechanism.

"The stability of prices as determined by clear measures and statutes or the circumstances and mood of traders and developments in the investment climate.

"The negative and positive aspects of the phenomenon of term sales and the guarantee of effective oversight over term sales transactions.

"Gulf corporations and the nature of government oversight over Gulf corporations registered in Bahrain.

"A brief evaluation of these companies' conditions and investment activities.

"Repetition of objectives and goals.

"Basic common characteristics of these companies."

One Must Review Grants in Stocks

/Question/ What, however, is the solution with respect to the problem of stocks? Is there a radical solution to this problem?

Mr 'Abd-al-Nabi al-Shu'lah replied, "I believe that as time passes the problem will be solved. I believe that one solution which could help would be for local banks or companies to review the issue of the grants in stocks which they give to their stockholders each year. The companies and banks must review this principle. Let us give stockholders profits in cash rather than grants in stock, which are helping to create this problem, at least for a temporary period, until this problem disappears.

"In the long range, though, I believe that the local market will be able to absorb the blows that have been following one another in succession.

"Let us go back to the reasons, the reasons for this crisis. I believe that one factor to which the foreign causes of the crisis may be attributed is the security situation in the area. The Iraqi-Iranian war is leaving a sort of shadow over the stock market, because investment always grows in a context of economic prosperity, and economic prosperity develops and endures in a context of security and stability. If the foundations of security and stability are shaken, the investment and economic climate are affected.

"I believe that after all of these factors are resolved the problems of the al-Manakh market in Kuwait will be solved, and after the investment and economic sector in the whole area absorbs these successive shocks, I believe that the rebuilding of trust will start. However, that will take a long time."

/Question/ But isn't it possible to create an immediate way out of this crisis?

Mr 'Abd-al-Nabi al-Shu'lah replied, "I do not believe so. A direct way out--there is no direct way out. I am against the thinking of people who call for the government to be requested to buy stocks, because purchases by the government are what led to the current conditions in the al-Manakh market; in this situation, the investor starts to get the impression that he will be safe if he gets involved, and that there are people who will extricate him and save him from his predicament.

"However, the decision to invest in stocks must be an economic one, so that the investor will bear his responsibility. The results of this will cause some persons who are harmed to fail, but if we encourage the principle that the government should buy stocks, that means that we will be preparing the climate for another al-Manakh market."

The Symposium Will Determine the Picture of the Existing Situation and the Volume of Losses

/Question/ If there is no direct solution, as you say, what purpose do you have in holding the stock symposium?

Mr 'Abd-al-Nabi al-Shu'lah replied, "The purpose in the symposium the Bahrain Chamber of Commerce and Industry will hold is first to clarify the picture, exchange views among the parties to the problem, and determine the picture of the existing situation and the volume of losses that have occurred.

"So far, no one has any idea of the true volume of the losses. Consequently, producing specific deductions will help avoid or eliminate the recurrence of this sort of crisis, and solve it in a specific period of time.

"However, I do not believe that the symposium will offer a curative remedy or a direct, immediate solution to the crisis. The symposium will determine what the reasons for what has happened were, how it happened, and how one can avoid its recurrence. Here I am not at all belittling the importance of the symposium. The symposium will be useful, without a doubt."

I Advise Investors Who Do Not Have Commitments To Bide Their Time

/Question/ Our brother 'Abd-al-Nabi al-Shu'lah, as an investor, what advice would you give the ordinary investor at present?

Mr 'Abd-al-Nabi al-Shu'lah replied, "I would advise him to bide his time. I am an investor whom one could place in the category of small investors, but, through my experience and expertise, I advise the investor to bide his time. However, there are instances which biding time might be difficult, because specific commitments are incurred and I hope that the persons who can wait and can bide their time will do so.

"I urge major businessmen to help rebuild trust and contain the problem. The businessmen who have the cash liquidity to permit them to invest must help rebuild trust in stocks by buying the stocks that are now being offered. This is a good time and these are good purchase prices. They must buy the stocks that are offered, provided that they can sell them in the future, when conditions straighten out. I believe that the results will be much better in the future. If any parties can help us solve the problem, let them offer assistance.

"As for the people who have been implicated, they most unfortunately will be the victims of developments in the situation. May God be at their assistance."

Regional Events Have Their Direct Effect on the Stock Market

The well known businessman Mr Ibrahim Ishaq, the managing director of the Gulf Investment and Commerce Company, stated:

"The stock market in Bahrain, as a part of the world market, is affected by political or economic events, as are other markets in the world. As you see,

the prices in the stock market are affected by all events, and you can find the barometer rising and falling with every event. In the New York stock market you find that when a minor event occurs, markets are affected.

"There is no doubt that regional events have a direct effect on the stock market in Bahrain, whether positive or negative, because Bahrain is an integral part of this region.

"The negative events in the region create fear and anxiety in the minds of some citizens who do not have an adequate understanding of the situation, and that in turn leads to chaos, which has negative effects on the condition of the stock market in Bahrain and the Gulf in general.

"The stock market in Bahrain, like any investment market in the advanced world, has not been /sic/ extremely affected by the international economic and political climate. For example, if stock prices rise in Tokyo, New York or London, they will have an effect on the stock markets in the other countries of the world, since these countries depend on one another economically. Bahrain is one of these countries in which the market is affected by factors of this type.

A Number of Factors Influence the Stock Investment Market

"There are a number of factors which undoubtedly affect the stock investment market, such as the Iraqi-Iranian war, the drop in oil prices on world markets, and the crisis in the al-Manakh market in Kuwait. These will all inevitably affect the stock market in the Gulf directly. One could compare the market to a barometer or thermometer, which is affected by the factors surrounding it as they rise or fall.

"In addition to that, investors are psychologically affected by what the various media, in the form of newspapers, radio and television, publish and broadcast. Here I would like to point to an important matter, which is the role of the media in building or destroying a free economy. We must concentrate on the role of the press. The role of the press is very important and vital. As long as the press does not appreciate its responsibility, and the importance of what it is publishing, especially as far as the economy goes, it can, by publishing a small item of news, destroy the confidence of people, and of investors in particular.

"Therefore, the media must totally comprehend the economic conditions of the country and not publish news which is exaggerated just to attract attention or yield to press scoops, without making sure of the truth of the matter.

"In the positive context, there would have been no justification for this drop in prices in the stock market in Bahrain had it not been for the abovementioned factors, because companies and organizations in Bahrain are organizations which are concentrated on trust and successful activity, and they invest their money in economic projects with an excellent material yield. Bahrain has an excellent reputation, and problems have not occurred in this area, the area of investment in stocks. Companies which offer their stock on the market have a good reputation

and are successful, and they have realized profits in past years. However, foreign factors and forces have had an adverse effect on stock prices, and this has led to the occurrence of this drop (a temporary one), a drop which is temporary. I am confident that this is a transitory state and it will certainly improve, and the situation will become stable.

"If you look at the companies that exist in Bahrain, I do not find that there is any justification whatever for their stocks to decline, because they are not phantom companies: they are companies that exist and are successful, and they have had an honorable record over the past years, in which they have realized good profits. Therefore, I do not find that there is any justification, from the economic or commercial standpoint, for the drop in these companies' stock prices. Therefore, I can say that it is a temporary crisis.

Some Investors' Sale of Stock Contributed to the Current Crisis

"Contributing to an aggravation of this crisis these days was the recourse by certain investors who were surprised by the drop in prices to the sale of stocks. There then were large amounts of stocks on the market, and that led to the drop in their prices.

"However, I believe that when the process of stock trading is regulated with the establishment of a stock market in Bahrain, this sort of thing will not occur. The market will regulate the process of trading in stocks, and Bahrain is serious about establishing a securities market. It has now formed a committee under the chairmanship of the minister of commerce, the Stock Market Committee by name, which has met a number of times to set out a statute and rules on the securities market. We have asked a number of international specialized bodies for advice, including the International Financial Organization, which is a branch of the World Bank.

"I can stress that officials in Bahrain are watching the situation carefully and are taking the necessary steps to improve the situation. I am confident that before the end of this year we will have built strong foundations for the stock market, which will earn the trust not just of Bahraini investors but also of all investors in the Gulf countries.

The Stock Exchange and the Execution of the Economic Agreement Will Have Their Effect on the Market

"Another factor which I believe will have an effect as far as the securities market goes is the execution of the economic agreement among the Gulf Cooperation Council countries and the regulation of dealings in securities among council countries. It is true that the economic agreement has not regulated that area, but I believe that after what has happened with respect to stock investments that the ministers of finance and economy in the Cooperation Council countries will take stock of the regulation of securities trading among council countries, as well as trying to create an organized market for the stock exchange, because ultimately, whatever the other factors might be, stock transactions and confidence in

the stock exchange market as a whole will depend greatly on the extent to which the market has a good, competent system and strong, effective management. I am happy to say that there has been obvious progress in this area in Bahrain.

"Next comes the issue of investments. Most governments have 95 percent of investments directed abroad. Why aren't these investments directed to the area? I call on everyone to encourage investment in the countries of the area. We are investing from 90 to 95 percent of oil revenues in Europe, Britain and America. I believe that the time has come to invest these funds here, on behalf of our own people."

I Advise Investors To Bide their Time; The Crisis Is Sudden or Transitory

/Question/ What, however, would you advise small investors, who are now resorting to selling stocks?

Mr Ibrahim Ishaq replied, "This depends on the price at which they made the investment. The situation of people who bought at high prices is different from that of investors who bought at moderate prices. The people who bought at high prices are in an unenviable situation, and I advise investors to bide their time. The crisis is sudden or transitory.

"However, everyone who goes into the stock market must realize that prices always rise and fall. This is not strange as far as the stock market goes, though it might be to some new people who have entered the stock market under the enticement of a constant rise in stock prices and do not have prior experience. However, people who do work in the stock market have experience, and know that prices constantly rise and fall; they always sell when prices are high, and the experts among them know when prices will rise and when they will fall."

/Question/ What, however, is the solution as far as the stock market crisis in Bahrain goes?

The businessman Ibrahim Ishaq replied, "Let us be realistic. While some people consider that the solution is to compensate stockholders or buy shares, they must realize that our government does not have the resources of the Kuwaiti government. The minister of finance and the economy previously warned of the activity of speculating in stocks.

"However, I can state that the crisis in the market in Kuwait is different from that in the market in Bahrain. It is entirely different. I do not believe that the process of the purchase of stocks by the government will be a solution, where the government buys the stock and its prices rise; that is an artificial method. If it tries to stimulate the market in an artificial way with enormous sums, it is probable that the situation will go back to what it was before in 2 or 3 months. I do not at all believe in this solution. I say that the stock situation in Bahrain now is a temporary one and that the prices of stocks will return to normal. I say that if true, good national investment organizations are established, that will undoubtedly help us to control this situation.

"There now is a study on the establishment of two companies, the Bahrain Investment Company, which, after we offer its shares, will play a large part in regard to the stocks of domestic companies, and the new Securities Company, which will have a large role in its capacity as the owner of public organizations and corporations. These two companies will play a positive role as far as the revival of the market is concerned.

"The matter of the establishment of a stock exchange for securities in Bahrain before the end of this year will also have its role and effect. You, as an investor, will acquire periodic information on the corporations every 3 months, and not every year. You will have an oversight agency and available information, and all this will give you confidence and encouragement.

"Once again, I say that this is a temporary crisis (a transitory crisis) and that it will end. Investors must be patient."

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CSO: 4404/492

FALL IN SHARE VALUES CAUSES CONCERN

Kuwait ARAB OIL in English No 8, Aug 83 p 41

[Text]

Unlike Kuwait, the share market in Bahrain is much smaller. But nonetheless a kind of crisis in the value of shares here is causing considerable concern to many, a report published in Khaleej Times said.

According to local reports, shares of profitable public companies have been tumbling for some months now, though timely action by the authorities has kept the decline within manageable limits.

Many factors are said to be responsible, including fluctuation in oil prices. But some believe that a major reason is a fall-out from last winter's crash of Kuwait's Souq Al Manakh which drove many Kuwaiti investors to sell their property and investments in Bahrain.

This in turn led to some Bahraini investors selling their shares to get enough liquidity to buy land, property, etc., disinvested by the Kuwaiti investors.

An important member of the Chamber of Commerce, Al Shoala, has said that the current crisis in Bahrain's share market should not be looked upon in isolation from the decline in oil prices, as Bahrain also relies on oil revenues for its public expenditure to the extent of 80 to 85 per cent. One remedy suggested by him that public companies and banks should reconsider their decision to distribute bonus shares to shareholders at the end of every year and to pay cash dividends instead.

CSO: 4400/455

IMF TEAM APPROVES NATION'S INDUSTRIAL DEVELOPMENT

Kuwait ARAB OIL in English No 8, Aug 83 p 40

[Text]

Industrial development in Bahrain has received international recognition this year when an annual inspection of the economy by a team from the International Monetary Fund highly appreciated to the way the Government is running the economy.

Special praise was given to the way that non-oil industry was being developed, a move which is helping to overcome the drop in the price of oil, according to a report published in Gulf Mirror.

At the forefront of Bahrain's industrial development are the Alba aluminium factory, which is still being expanded, and the thriving Asry shipyard, now attracting business from across the world. Despite the drop in oil revenue, the Government is still pressing ahead with developing industry in the country. In addition, the electricity generating capacity is being expanded. Output from the power station at Rifa'a will double in the next few years.

Finance undersecretary, Isa Borshaid said the IMF optimism was based on the progress of basic projects and on the success of joint projects with the GCC states.

Inflation

Industrial development is also being helped by the fact that Bahrain has a below average rate of inflation. That is largely due to the cost cutting moves being made in government expenditure. Inflation is now running at between three and four per cent, at least one percent below that of overseas economies such as those of the UK and the US.

Further cuts in government spending are predicted for the coming year, but they are not expected to affect major capital projects. The state is firmly committed to boosting the industrial base, and the Government is ex-

pected to take complete control of the United Building Factories company. When cash flow problems are solved, manufacture of concrete panels and construction of homes may well become a growing export industry.

The work at the Asry shipyard is already a major source of international income. Greek and Japanese shipowners are among the people using the yard for major repairs and modifications, and there is growing business from GCC countries.

Steel plant

Another project and one of the projects symbolising the move towards non-oil industry is the massive pelletising unit which is being built for the Arab Iron and Steel Company.

The plant, scheduled for completion next year, will be the largest of its kind in the world, and it will open up a major new export market for Bahrain.

The pellets are made from iron ore which is high in metal content and low in silica and alumina. When they have been produced the company aims to export them to Gulf steel plants and possibly to Malaysia and Indonesia.

The significance of the pelletisation plants goes further than a move to the export market. It is the first stage in developing a steel industry.

The company has already considered the next developments if the pelletisation is a success. That would be to start a direct reduction process to produce steel sheets, coils and strips.

The main \$207 million contract for process technology and turnkey plant construction went to the Japanese company, Kobe Steel, after a fierce competition with Lurgi of West

Germany.

The whole plant is being built on a reclaimed man-made island close to the Asry dockyard. Energy for the plant will come in the form of a direct pipeline link from Sitra.

A further 40,000 square metres of land next to the site have been set aside for a \$3.6 million of 60 houses for part of the workforce. The major shareholding for the project comes from Iraq, Jordan and Kuwait.

CSO: 4400/455

SHIPBUILDING COMPANY'S PROFITS UP

Kuwait ARAB OIL in English No 8, Aug 83 p 41

[Text] **T**he Bahrain-based Arab Shipbuilding and Repair Yard Company (ASRY) said last month its revenue rose five per cent in calendar 1982 despite poor economic conditions.

The company said in its annual report, which did not give details figures, the rise largely reflected increased work at its dry dock, which maintained about 90 per cent occupancy.

And that was just one of the records set by the yard in 1982. It completed its biggest single ship contract, a \$5 million overhaul of an Ultra Large Crude Carrier (ULCC), and provided the propulsion equipment on four out of five ULCC's which were part of their largest multi-vessel contract.

Diversification

The work done at the yard also diversified during the year, with servicing on a large passenger liner, a container ship and other types of craft and general cargo vessels.

Since the yard became operational in September 1977 built up an international reputation and in 1982 the company did work on the merchant ships of Norwegian, Swedish, Spanish, Japanese and Greek shipowners, as well as Arab shipowners, whose fleets continue to grow in size.

Asry is one of the fastest developing ship repair yards in the world, with links with all the major multinational companies involved in the industry. Total tonnage handled in 1982 was 8.9 million dwt, most of which was in the dry dock. During the year 49 ships were worked on in the dry dock and 24 were repaired afloat.

During the year, 73 vessels, 32 percent of them Arab-owned, were repaired by the company, a \$340 million project set up jointly in 1977 by Bahrain, Iraq, Kuwait, Libya, Qatar, Saudi Arabia and the United Arab Emirates.

The yard can handle vessels ranging from offshore craft to ultra-large crude carriers.

CSO: 4400/455

ISRAEL

BRIEFS

LICENSE OF AL-SHIRA' WITHDRAWN--The Interior Ministry has withdrawn the license of the AL-SHIRA' biweekly which is published in East Jerusalem. Our correspondent Arye Gus reports that the Interior Ministry's official in charge of the Jerusalem District acted according to the emergency defense regulations. AL-SHIRA' made its debut 5 [as heard] years ago. The East Jerusalem journalists sharply denounced the closing down of this magazine, saying this is part of a campaign intended to eliminate the press in the territories.
[Text] [TA161729 Jerusalem Domestic Service in Hebrew 1700 GMT 16 Aug 83]

AL-FAJR JOURNALIST SENTENCED--Talal abu ('Afifa), a journalist who works for the East Jerusalem newspaper AL-FAJR, has been given a prison sentence of 4 months and a suspended sentence of 6 months for possession of seditious material: handbills calling for demonstrations and support for the Fatah organization. The prosecution in the Lod military court demanded a heavy sentence in view of the man's occupation. Our correspondent Arye Gus reports that Abu ('Afifa) has been tried in the past, has been held in administrative detention, and has a previous suspended sentence still pending against him.
[Text] [TA161931 Jerusalem Domestic Service in Hebrew 1900 GMT 16 Aug 83]

CSO: 4400/485

BRIEFS

PORT EXPANSION DELAYED--Cutbacks in the budget of the Kuwait Public Ports Authority (PPA) are delaying the expansion plans for Shuwaikh port, says PPA director Dr. Ibrahim Al-Makki. He told Al-Watan that the proposed expansion of Shuwaikh's port's northern bay has been affected by the PPA's austerity measures. "This means that the port's expansion has to be put off," he said. Cargo traffic at the port is expected to reach 29 million tons by 2000 AD, but present capacity is only seven million, he said. Last year, more than 1.8 million tons or 25 percent of total goods imported were off-loaded at Shuwaikh. "The volume of transit trade would have doubled if the storage capacity at the port had expanded," he said. Expansion of the port had originally been planned in 1978, when it had been proposed that the north-eastern bay at the port be developed. But this plan had to be shelved because of objections by the Ministry of Electricity and Water (MEW), which said that water desalination plants on that side would be harmed. The PPA then prepared another expansion plan, this time aimed at the northern bay. "But the 1983-84 budget was slashed, forcing us to shelve project, too," said Dr. Makki. He said that the planning Ministry and the PPA were now preparing an economic feasibility study for the port's expansion and their recommendations will be submitted to the cabinet for approval. Dr. Makki expressed the hope that the expansion plan might still go ahead as scheduled. [Text] [Kuwait ARAB OIL in English No 8, Aug 83 p 18]

PLAN TO INTRODUCE RAILWAYS--Kuwait is planning to build railways to ease pressure on roads, and preliminary studies on railways linking Doha and Shuwaikh port and another line between Abdali and Nuwaiseeb have been completed, said Mousa Al-Sarraf, head of the municipality's Traffic Studies Department. Addressing a news conference, Al-Sarraf said that the municipality will also redevelop the Shuwaikh industrial area and relocate industries on the Bubiyan island to ease traffic congestion. Plans are underway to open fish canning factories and a research institute on Bubiyan Island, he said. [Text] [Kuwait ARAB OIL in English No 8, Aug 83 p 18]

OIL RESERVES--Kuwait's known oil reserves should last another 221 years at current production levels. A report by the Organization of Arab Petroleum Exporting Countries, said Kuwait's oil reserves reached 67.1 billion barrels by the end of last year. Known reserves in Saudi Arabia, the world's largest employer would last only for another 68 years according to the report. The reserves of other OAPEC countries included: UAE, 72 years; Bahrain, 12 years;

Tunisia, 49 years; Algeria, 38 years; Iraq, 114 years; Qatar, 28 years, Libya, 58 years; Egypt, 14 years and Oman, 23 years. The report added that there had been an average increase in reserves of 9 billion barrels or 2.6 percent in member states over 1981, however, Iraq was the only country to have an increase of more than 11 billion barrels. [Text] [Kuwait ARAB OIL in English No 8, Aug 83 p 19]

AID FOR SINGAPORE PROJECT--The two-year first phase construction of the International Petroleum Centre (IPC) is expected to begin early next year, informed sources said recently. The project is equally shared by the Kuwait Real Estate Investment Consortium (Kreic) and Singapore's Jurong Town Corporation (JTC). [Text] [Kuwait ARAB OIL in English No 8, Aug 83 pp 15-16]

CSO: 4400/456

SALIM AL-HUSS VIEWS CURRENT POLITICAL STALEMATE

Paris AL-MUSTAQBAL in Arabic No 336, 30 Jul 83 pp 8-10

[Article by ex-Prime Minister Salim al-Huss: "While Awaiting Capable and Just State, Coexistence Formula Between Lebanon and Area Crisis Required"]

[Text] An observer of the Lebanese situation, confused by the state of affairs while trying to conclude facts about Lebanon and its crisis, once said: The news in Lebanon is a matter of perspective—or almost. Every fact has two sides: The side that this faction sees and the side that the other faction sees, that is if there are two factions, because often there are several factions viewing certain issues.

Amidst the conflicting viewpoints and contrasting concepts and premises among the various Lebanese factions, the observer of Lebanon soon finds himself drowning in the labyrinths of countless problems, issues and concerns in which the features of the issue are often lost. Therefore, it is not surprising that one finds himself returning to the starting point whenever he plunges deeper into exploring the facts of the Lebanese issue and finds himself asking: What, ultimately, is the Lebanese issue?

There are phenomena and convulsions [irhasat], there are given facts of the reality and there are injustices and demands, all of which are basically tied to the Lebanese issue. But none of them is the issue. What do we understand from the Lebanese issue?

One Manifestation of Problem: Shrinking Shadow of Legitimate Government

All of the attention nowadays is focused on the Israeli occupation and on the efforts to end it. But the occupation is not the issue. Before 1978, the Israeli forces were not present in any part of the south. Before the summer of 1982, the Israeli forces were not present in Sidon, al-Nabatiyah or Jizzin in the south, and they were not present in any part of western al-Biqa' or of the mountain. Yet, there was a Lebanese issue.

The Syrian military presence, and along with it the armed Palestinian presence, in al-Biqa', the north and some parts of Mount Lebanon is living and positive

proof that Lebanon faces a real problem in failing to restore its sovereignty over its territories. But before 1976, there were no Syrian forces in Lebanon, and before the Israeli invasion in 1982 the Syrian military presence assumed the status of legitimacy in accordance with resolutions issued by the Arab League at the request of the president and government of Lebanon. Yet, there was an issue before the entry of the Syrian forces in 1976 and before legitimacy was destroyed by the presence of these forces in 1982.

The security situation in Mount Lebanon is extremely serious. In the north and al-Biqa', this security situation is brittle and does not inspire stability and reassurance. The general situation in the south under the shadow of the Israeli occupation is a source of extreme concern. However, the developments of the crisis throughout the recent difficult years have taught us that it is impermissible to talk about something called the issue of the south. The danger has at no time been confined to the south but has threatened the security, unity and, consequently, survival of Lebanon in its entirety. Therefore, the concern has not been the concern of the south but the concern of Lebanon about the south. By the same logic, we do not speak about something called the Mount Lebanon issue, al-Biqa' issue or the issue of the north. The problem is the problem of Lebanon in its mountain, in its north and in its al-Biqa'. The course of events has left no doubt that the fear for the south has been fear for Lebanon's unity and, consequently, fear for Lebanon's survival. The fear for Mount Lebanon, as well as the fear for al-Biqa' and the north, is, by the same criterion, a fear for Lebanon's unity and, consequently, a fear for Lebanon's survival.

Thus, the Israeli occupation, the Syrian and Palestinian presence and the deteriorating security situation in this or that part of the country are all phenomena tied to the Lebanese issue. But none of them is the Lebanese issue.

Given Facts of Reality: Linkage With Area's Crisis

Until 1970, Lebanon was almost completely on the receiving end of the constant flow of money and capabilities from the various Arab East countries—a flow that had been triggered and maintained by a chain of political transformations in some of these countries and that had been drawn to Lebanon by a number of factors, including Lebanon's relative stability, its distinctive liberal system and other factors, excluding a brief civil war in 1958 and the collapse of the Intra Bank in 1966.

This era of general prosperity began to disappear with the end of the 1960's. The turning point may have come with the terrible defeat resulting from the 1967 Arab-Israeli war. Even though Lebanon took no direct part in that war, it was unable to protect itself from the war's consequences and its profound ramifications in the Arab world in general. The Palestinian resistance gained great momentum as a result of the bitter disappointment that swept the Arab masses because of the disgraceful military performance of the Arab armies and the subsequent loss of the Arab states' credibility in the eyes of their peoples.

Before the end of the 1960's, the situation in Lebanon clearly became exposed to developments in the Middle East crisis and Israel intensified its attacks against the south. Before the end of 1968, Israel launched an air raid against Beirut International Airport during which it burned several civilian aircraft on the ground. Those successive developments began to generate problems in the political arena and produced the longest ministerial crisis in modern Lebanese history when the cabinet resigned in 1969 and no new cabinet could be formed for several months, until conclusion of the first agreement between Lebanon and the PLO in Cairo--which came to be known as the Cairo Agreement. That step was the prelude to a new phase that ended with the big explosion of 1975.

The year 1973 witnessed troubles in the wake of a commando operation carried out by the Israelis in Beirut which claimed the lives of three Palestinian leaders. But the spark that touched off the big explosion of 1975 came as a result of an ambush laid for a convoy of Palestinians.

All those events and convulsions were no more than manifestations of a deeper reality, namely, the reality of the link between the Lebanese crisis and the area crisis. The link between the two crises was represented, on the one hand, by the dense Palestinian presence in Lebanon, keeping in mind that the Palestinian issue is the crux of the Middle East issue, and, on the other hand, by the profound political interconnection between Lebanon and Syria--an interconnection ultimately embodied in the entry and deployment of Syrian forces in Lebanon--in addition to the political influence that Syria had and continues to have in Lebanon, keeping in mind that Syria is a fundamental party to the Middle East conflict. The links between the two crises have been embodied, in the third place, in the Israeli objectives in southern Lebanon and involving water and in the schemes that Israel harbors for the Middle East area and that it plans to implement, beginning with Lebanon because of the flaw in Lebanon's internal structure, which makes it an easy starting point for igniting the situation in the entire area. Lebanon is tied to the area by numerous deep bonds. Therefore, it is natural that Lebanon would be affected directly by the area crisis.

If we consider this last link (namely, the phenomenon of the flaw in the Lebanese structure that has made Lebanon a launching site for controlling and managing the Middle East crisis, not only by Israel but also by the other forces involved in the area's conflict) as the most important link tying Lebanon's crisis to the area crisis, then we can say that the link between Lebanon's crisis and the area crisis is not the crux of the issue but rather one of its manifestations. As for the Lebanese issue, it is probably reflected most clearly in this flaw in the Lebanese structure.

Linkage has various forms. In the past, its most predominant form was horizontal. But in the wake of recent developments, it has become vertical. The linkage between the two crises was horizontal when the prevalent impression was that Lebanon's crisis was a part of the area's greater crisis. It became horizontal [as published; presumably "vertical"] when Lebanon, thanks to the U.S. approach in the wake of the Israeli war against Lebanon, offered an

entre into the Middle East and its crisis. This is because U.S. officials openly embraced the tendency that in effect said there is no way to deal with the Middle East problem (within the framework of the Reagan plan) until after the Lebanese crisis has been fully dealt with. As a result of this tendency in Jordan's policy, Lebanon has become tied to the area crisis, considering that King Husayn has asserted that he is not prepared to enter into any negotiations on any U.S. plan for the area unless two conditions are met. Israel stops building settlements in the West Bank and Israel withdraws from Lebanon. This is in addition to King Husayn's insistence on getting a frank mandate from the PLO.

This tendency has turned Lebanon into the means of a solution in the area. Thus, there is no solution to the Lebanese problem unless features of the solution to the area crisis arise. In other words, as long as a solution to the area crisis remains impossible, gaining access to a solution [in Lebanon] will remain impossible. Consequently, the conflict in the area will remain stalemated at the starting point, namely Lebanon.

The causes are different but death is the same. Before the Israeli war, the linkage was (or at least seemed to be) horizontal. In the wake of the war, it has become vertical. However, the linkage has persisted and Lebanon has continued to be an arena for the regional conflict. But recently, international powers have entered the conflict directly and the confrontation has become a direct confrontation between the two superpowers: one of them stands on the platform of the Lebanese-Israeli accord and the other sits behind the Syrian lines.

Internal Aspect

In its internal aspect, the Lebanese problem might be as old as independent Lebanon itself. It can be said that as of the moment of its independence, Lebanon was in a state of latent crisis in its internal structure. All that was required to touch off the situation and turn it into an open conflict was an intruding outside factor. This outside factor became available with the roaring Arab national tide in the days of the late President Jamal 'Abd-al-Nasir. Thus, the 1958 crisis erupted. This outside factor was present again in the Palestinian resistance that followed the 1967 war, thus leading to the chain of troubles that ultimately touched off the major crisis of 1975 and the Israeli war in 1982. According to this view, the crisis is essentially internal and the outside factor is nothing but the spark that starts the fire and then feeds it.

From an internal viewpoint, the Lebanese crisis has roots that are organically interlocked with the sectarian problem. The state's political system and its administrative, judicial and military structure, as well as a significant number of private schools, are built on obvious sectarian grounds. This being the case, it is no surprise that the sectarian feature has become the feature dominating, in most cases, the Lebanese masses generally and their loyalties and feelings of belonging. Such a spirit could grow and spread only at the expense of national awareness, national loyalty and national belonging.

The sectarian problem in Lebanon is reflected in a number of intricate manifestations. It is embodied in the division of the three top positions in the state among the three main sects and in confining the first and strongest position to a certain sect. It has been reflected in the allotment of the ministerial portfolios, regardless of how large the cabinet, to seven sects, including the first three sects. If we note that there are in Lebanon 17 officially recognized sects, this means that there are 10 sects whose members have no chance of attaining positions of power, not at the level of the three top positions or at the level of cabinet participation. The sectarian problem in Lebanon is reflected in the distribution of Chamber of Deputies seats among the sects according to a rigid equation. It is reflected in the distribution of positions among the sects in the administration, the judiciary and the army and in allotting main positions in these agencies to certain sects exclusively.

At the political level, the sectarian problem has produced injustices, demands, slogans and movements. The problem has found its purest expression in the issue of power sharing and in two iniquities that have come to be known as the fear complex and the injustice complex.

Sharing has been the slogan of a pressuring Islamic demand calling for developing the political system so that the Muslims will have in the system's decisionmaking center a voice parallel to the Christian voice, especially the Maronite voice. This demand has focused in particular on the division of powers and responsibilities between the presidency, which is allotted to the Christian Maronite sect exclusively, and the premiership, which is allotted to the Muslim Sunni sect exclusively. The debate on this issue has been accompanied by opinions that call for breaking the circle of sectarianism altogether and abolishing the sectarian base in all that pertains to the political system and to the skeletal structure of the administration, the judiciary and the army. The argument cited by those who hold this view, and most of them are of the younger generations from all of the sects, is that any solution not based on abolishing the sectarian equation is likely to keep Lebanon as a federation of sects, thus perpetuating the problem instead of solving it.

The fear complex is the term given to the complaint raised by some political leaders in the name of the Christians on the grounds that the Christians form a minority that fears for its survival in an Islamic majority, not in Lebanon but in the Arab East. The political pursuit of this issue has led to the projection of diverse ideas, some calling for preservation of the political and administrative privileges enjoyed by the Christian sects since independence and for considering these privileges the guarantees necessary to protect the Christian minority from the domination of the Islamic majority in the area and others going as far as advocating that the state's political structure be reconsidered with the aim of establishing a federal system that combines states that are autonomous in broad spheres and similar to the Swiss cantons. The Christians would thus have their canton, which would protect them from being swallowed up by the majority surrounding them. A few radicals among these leaders have gone as far as to virtually demanding the partition of Lebanon into ministates, one of them for the Christians.

The injustice complex is the term given to the call of some political leaders, in the name of the Muslims, for reflection on the fact that the Muslims don't have equal opportunities to attain political and administrative decisionmaking positions in the government and reflection on the backward economic, social and educational conditions in their areas. At the Shi'ite Islamic level, this complaint was manifested in an organized movement known at its outset as the Movement of the Deprived. The demands generated by this complaint focused, naturally, on the adoption of a broad development policy in accordance with which an effective part of the state's activity and spending is channeled toward the less developed areas and population centers in Lebanon, such as the south, al-Biqa' and 'Akkar, to lift them from the swamp of backwardness and misery in which they flounder. The French (Arfed) Commission, which was brought in by the late President Fu'ad Shihab in the early 1960's, can take credit for focusing attention with data and figures, on this problem that runs deep through Lebanese society.

All that we have mentioned within the framework of the internal aspect of the Lebanese crisis is part of the manifestations of one issue, namely, the Lebanese issue. What is this issue and how do we define it?

Identity of Issue

I once offered this definition of the Lebanese issue, and I still find it adequate:

The Lebanese issue is an issue of faith and commitment to the values and principles on which Lebanon, the homeland, was and is founded--faith and commitment to the unity of the soil, the people and the institutions, to the independence and sovereignty of the state, to the sacredness of public and personal liberties, to the inviolability of the Lebanese citizen's humanity and dignity and to the Arab belonging.

The safeguarding and strengthening of these values, principles and goals are tied to one condition, namely, the establishment of a benevolent, capable and just state--a state of institutions and of development. Therefore, a simple process of deduction from reality leads to the conclusion that the state is the issue. The state must be the impenetrable bastion of the principles and goals on which Lebanon, the homeland, is founded.

If the state were benevolent, the citizen would prosper under its auspices. If it were capable, the fear complex would not exist. If it were just, the injustice complex would not exist and if it were effective, it would have taken a clear and decisive position separating the people into a majority and a minority--a majority that supports the legitimate government and a minority that opposes it.

According to this concept, the issue centers on the state and the struggle over the issue must seek first and foremost to establish a capable and just state, (a state) of institutions with all their components and their mainstays. This requires, on the one hand, the adoption of development and social justice as a path and, on the other hand, the exertion of efforts to achieve

a political reform that seeks to abolish sectarianism in the various spheres of public life: in policy, in jobs, in administration, in the judiciary and in the army. If this last demand is not easy to achieve immediately because of the sectarian feelings embedded in the hearts of those who now control the situation, then let it be the goal to which all efforts and endeavors flow so that it can be achieved as soon as possible. All development, information and educational policies, administrative reform and the national service should be employed to serve this goal.

In conclusion, considering that Lebanon cannot settle the Middle East crisis or disengage itself from it, and while waiting for a just solution to the Palestinian problem founded on recognition of the Arab Palestinian people's right to repatriation and the establishment of their state on their soil, the link between the Lebanese crisis and the Middle East crisis dictates that a formula of coexistence between Lebanon and the Middle East crisis be found, a formula based, on the one hand, on the Lebanese state's restoration of its sovereignty over all Lebanese territory--and this requires an end to the Israeli occupation, withdrawal of the Syrian and Palestinian forces and abolition of all Lebanese armed organizations--and based, on the other hand, on establishment of a capable and just state.

8494

CSO: 4404/540

INTERVIEW WITH BEIRUT CHAMBER OF COMMERCE'S 'ADNAN QASSAR

Paris AN-NAHAR ARAB REPORT & MEMO in English No 31, 1 Aug 83 pp 3-4

[Text]

The deadlock over the withdrawal of foreign troops and the deterioration in the internal political situation are taking their toll on the Lebanese economy. During his talks with US President Ronald Reagan, President Amin Gemayel is understood to have voiced his concern that economic stagnation caused by continuing political uncertainty would in turn lead to social unrest. In the last three months, the Lebanese pound has steadily lost ground against the dollar, though this has been partly due to the worldwide strength of the US currency. Nevertheless, last week the rate was approaching the psychologically important mark of LL 4.50 to the dollar, compared with LL 4.15 at the end of April. The cautious attitude adopted by many Lebanese is reflected in the complaints of shopkeepers in Beirut's commercial district that sales are down by as much as 60 per cent.

Customs receipts for the first six months of the year reached LL 740.7 million (\$165.3 million), a distinct improvement on the same period last year, when they amounted to LL 205.2 million. The rise in customs revenue, traditionally the main source of income for the Lebanese Treasury, was largely due to the closure of illegal ports and the takeover of the port of Beirut by the legitimate authorities last March. That development and an official drive to curb smuggling formed the basis for official predictions that customs revenue would total LL 2 billion over the whole year. But this figure has lately had to be revised downwards to about LL 1.5 billion.

For a clearer view of Lebanon's current economic difficulties, *An-Nahar Arab Report & MEMO* approached Adnan Kassar, President of the Beirut Chamber of Commerce and Industry. In written answers to our questions, Mr Kassar notes the negative factors that have been afflicting the economy, but points out that Lebanon's economic performance has been mixed. He points to the need for Lebanon to seek wider markets and he asserts his conviction that the country's banking and business community is capable of surmounting the present crisis and making a valuable contribution towards national development and reconstruction. The text of the interview follows:

Q: Political uncertainty has postponed the economic recovery that seemed possible six months ago. This uncertainty seems likely to continue for several months if not longer. In the meantime, trade and industry is contracting, with some companies laying off workers and talk of bankruptcies in the air. Can Lebanese traders and industrialists survive the current crisis as they survived the eight years of war or do the present circumstances constitute a more serious threat to the Lebanese economy?

A: Indeed, political uncertainty together with the tragic events in some regions of Lebanon have created objective conditions which do not allow us, once again, to assure the full economic recovery that seemed possible some months ago. However, this uncertainty has not prevented our business community from pursuing its professional activities. As you know, our businessmen are already accustomed to working in an uncertain situation.

From the economic point of view as a whole, the actual situation is the result of the accumulation of the negative factors which have been created during these eight years of crisis. It is difficult to evaluate the consequences of such negative factors, as precise statistics are not available. Some of these factors are:

- rapid fluctuation of our national currency;
- failure of our production to adapt to the general conditions prevailing on the regional and international markets;

- a decline of about 20 per cent in the monetary flows towards Lebanon.

In spite of these negative factors, we have succeeded in maintaining economic activities in Lebanon at an acceptable level.

We have also had some difficulties in assuring the expansion of our exports. This situation is due to some political reasons as well as to the war in the Gulf. The actual situation, according to available statistics, is quite irregular. If we compare some statistics of the first 5 months of 1983 with those of 1982, the following facts appear:

- an increase of about 213 per cent in customs income;

- an increase of about 18.4 per cent in the volume of goods unloaded at the Port of Beirut,

- a decline in the rate of inflation. The rate is currently 8 per cent, compared to 14 per cent previously; and elsewhere are dwindling. To what extent is this due to the unwillingness of Lebanese migrants to send their money home at a time when the future of the country seems to be hanging in the balance?

A: There is some partial dwindling of the remittances from the Gulf as well as from Lebanese migrants. This situation might be partially explained by the slowdown in the economic activities of oil-producing countries because of the reduction of the price of oil on the international markets. It might be explained too, by the political uncertainty prevailing in our country. We think however,

that this transitory period will come into an end as the Lebanese migrants remain deeply attached to their homeland.

Q: Are there any underlying weakness (or strengths) in the Lebanese economic system which the present crisis has exposed? If so, what can be done to remedy (or exploit) them?

A: One of our main underlying weaknesses is the extreme concentration of our export markets. We have enjoyed too many facilities in exporting to the countries of our region. In this context, we have neglected to look seriously for new markets. Another weakness is our increased dependence *vis-à-vis* foreign sources of income. Before the crisis, 20 per cent of our national income originated from outside. This percentage is now 40 per cent. In the past, the role of the government in the economic development process was not very important. Now we need some structural adjustments. We have to establish a new equilibrium between the respective roles of the public and private sectors. Some kind of effective planning, while fully respecting private initiative and enterprise, is needed in Lebanon. We believe that dynamic cooperation between the public and private sectors will be the most fruitful formula for the future rapid economic development of our country.

CSO: 4400/475

SOVIET OCCUPATION SEEN AS PERMANENT; AIMS ANALYZED

Karachi DAWN in English 10 Aug 83 p 9

[Article by Kaleem Omar: "Will the Russians Ever Leave Afghanistan?"]

[Text]

DECEMBER this year will mark the fourth anniversary of the Soviet Union's military intervention in Afghanistan. According to Western estimates, some 105,000 Soviet troops are now engaged in fighting the Afghan guerillas, and there are no indications so far of any let-up in the scale or intensity of the Soviet operation. The Soviet spring offensive this year, for instance, in which tanks, helicopters and fighter-bombers pounded villages throughout the Shomali region of northeast Afghanistan, has been described in several reports as perhaps the most savage assault since the intervention. There is, similarly, no indication of any winding-down in Mujahedin resistance to the Soviet presence and the Babrak Karmal regime.

Given these harsh realities, there are no easy answers to the question of whether or not, and when, the Russians will withdraw their forces from Afghanistan. No less a person than the Chinese Foreign Minister, Mr. Wu Xueqian, in reply to a question, said in Islamabad the other day that he had seen "no sign" so far suggesting a Soviet withdrawal.

Pakistan, meanwhile, has been proceeding on the assumption that a negotiated withdrawal is in fact possible, and that a reasonable accommodation of the respective interests of the parties involved — Afghanistan, the Soviet Union and Pakistan itself — can indeed lead to a settlement. Pakistan's parameters for such a settlement are well known: the phased withdrawal of Russian forces, the safe return of the three million Afghan refugees in Pakistan to their own country, the restoration of Afghanistan's independent, non-aligned status and respect for the right of the people of Afghanistan to choose a political system of their own liking. This position is also in accordance with the UN and OIC resolutions on the issue, and support for it has recently been reiterated by such major Asian countries as Japan and China. The United States, too, is on record as favouring an early solution of the problem on similar terms.

Reasonable stand

Pakistan's stand is an entirely reasonable one. On the face of it, a settlement along these lines should be in the interest of all the parties concerned. The problem, however, hinges on the Soviet Union's own intentions in the area. As President Zia himself said in a speech some months ago, the "key" to the crisis lies in Moscow. What, then, are the Soviet Union's intentions, and how does it perceive its interests in Afghanistan in particular and the

region as a whole. When Britain's former Prime Minister, Harold Macmillan, was asked by a BBC television interviewer some time ago why the Russians were in Afghanistan, he said they weren't there for winter sports. When pressed, he went on to say that they were there to "travel south." There is also a view that the Soviet Union moved into Afghanistan because they apprehended that if they didn't the United States, after the fall of the Shah, would move into Iran.

Be that as it may, it is to Soviet commentators that we must look for a definition of the problem as viewed by the USSR itself. The clearest statement of Soviet actions, as perceived by the Soviets themselves, was given by Alexander Bovin, *Izvestia's* political correspondent, in April 1980. In an *Izvestia* article titled "Why We Intervened in Afghanistan" Bovin said:

"The point is that the developments forced us to make a choice: we had either to bring in troops or let the Afghan revolution be defeated and the country turned into a kind of Shah's Iran. We decided to bring in the troops. It was not a simple decision to take. We weighed all the pros and cons before taking it. We knew that the victory of counter-revolution and of religious zealots and revenge-seeking feudal lords would result in a bloodbath before which even the crimes committed by the Chilean junta would pale. We knew that the victory of counter-revolution would pave the way for massive American military

presence in a country which borders on the Soviet Union and that this was a challenge to our country's security. We knew that the decision to bring in troops would not be popular in the modern world even if it was absolutely legal. But we also knew that we would have ceased to be a great power if we refrained from carrying the burden of taking unpopular but necessary decisions, extraordinary decisions prompted by extraordinary circumstances."

Constitutional aim

The key point here is that the Soviet Union views the political developments of the last few years in Afghanistan as a Socialist revolution and Mujahideen resistance groups as the forces of counter-revolution. Given this, is it likely that the Soviets will withdraw direct military support for their surrogate regime in Kabul, a regime ostensibly committed to the establishment of a Socialist system in Afghanistan and one, moreover, that would almost certainly collapse if the Russian troops propping it up were withdrawn? The Soviet Union's position in such situations becomes clearer if we examine the stated principles underlying the goals of Soviet foreign policy. As described by Professor Yuri V. Gankovsky, head of the Pakistan, Near and Middle East Department of Moscow's Institute of Oriental Studies, in a paper presented by him at an international conference organised by Islamabad's Institute of Strategic Studies in November last year, the principles on which Soviet foreign policy today is based are to be found in Article 28 of the new constitution of the USSR, which points out that the foreign policy of the country is, among other things, aimed at

- safeguarding the State interests of the Soviet Union, ensuring international conditions favourable for building Communism in the USSR;

- consolidating the position of world Socialism, supporting the struggle of peoples for national liberation and social progress.

As will be seen from this, "consolidating the position of world Socialism" is a constitutional objective of Soviet policy. It is unlikely, therefore, to say the least, that the Soviet Union is going to

deviate from this assertion in the case of Afghanistan. If, as Bovin says in his *Izvestia* article, the Soviet Union perceives the political situation in Afghanistan in Socialist revolution terms, it would be wishful on our part to think that the Soviets will abandon Afghanistan to what they view as the forces of counter-revolution.

Furthermore, and perhaps more importantly, Bovin's argument makes the point that the "victory of counter-revolution would pave the way for massive American military presence in a country which borders on the Soviet Union," and that this would be "a challenge to the Soviet Union's security." Given that this is how Russia perceives the situation, the prospects of a negotiated settlement on Afghanistan look dim indeed. Whether or not the Americans would actually walk into Afghanistan is not the issue; the point is that the Soviets think they would. It is an apprehension that has intensified since the advent of the Reagan administration in the United States.

From the outset of his administration, President Reagan has minced no words in adopting an increasingly hard line on the US relations with the Soviet Union. In a much-quoted recent speech, for instance, he referred to the Soviet Union as "the focus of all evil in the world." Of a piece with this stance, have been a host of related actions initiated by his administration. These include the American support for the guerillas opposing the Soviet-assisted, leftist Sandanista government in Nicaragua, the recent decision to send a powerful US naval force to carry out six-month long exercises off the coast of Central America, Reagan's proposal for 110 million dollars in emergency military aid to El Salvador (where the government is embroiled in a bloody conflict of attrition with leftist insurgents), the decision to go ahead this year with the placing of 550 Pershing II and Cruise missiles in Europe, blocking the rescheduling of some 25 billion dollars owed by Poland to Western banks until the Soviet-backed martial law in Poland was lifted, Reagan's insistence that Japan play a more active role in US-led security arrangements in the Pacific region and a massive on-going increase in US defence spending and the size of US military forces. The 3.2 billion dollars economic assistance

and military sales credit package given to Pakistan by the US is a part of the same framework, as, indeed, is the US-sponsored flow of arms to the Afghan Mujahedin.

The Soviet Union, too, has not lagged behind in adopting a more belligerent posture toward the West. Only recently, for instance, Soviet Defence Minister Dmitry Ustinov warned Soviet officers that they might soon be facing a new military coalition of NATO countries and Japan. Speaking to the Communist Party organisation of the Soviet Defence Ministry in June this year, Marshal Ustinov said the world situation was marked by "a tense and sharp clash between two opposite social systems, two political courses, two ideologies — socialism and capitalism." In Western countries, he said, the "extreme right-wing of the monopolist bourgeoisie" had taken power and was seeking to sabotage arms control talks with the Soviet Union and gain military superiority. Proceeding from this and similar perceptions, the Soviet military build-up (like the West's) also continues apace.

A key feature of this, on both sides, in recent years has been the development of 'power projection forces', as they are formally known — or, in lay terms, the forces intended for intervention in the Third World. Soviet power projection capabilities are still significantly inferior to those of the US, as was also ultimately concluded by the US Joint Chiefs of Staff in their fiscal 1982 force assessment. While Soviet capabilities are growing, they are not, in the words of Michael Klare, Fellow of the Institute for Policy Studies in Washington, "growing at a pace that will enable them to overtake the US protection capability or even to overcome their general inferiority during this century."

Ustinov's warning

There is no reason to think that the Soviet Union is not aware of this relative position. From a strategic point of view, it is in this context that the Russian military intervention in Afghanistan must also be considered. The Reagan administration is going ahead with the strengthening of the US Rapid Deployment Force (RDF), designed to intervene quickly to protect Western interests in Saudi

Arabia and the Gulf region. Component units of the RDF are more heavily equipped than their Soviet counterparts, and US mobile infantry forces also benefit, as Michael Klare says, "from a formidable air component." Their military presence in Afghanistan places Soviet forces within 300 miles of the Gulf, obviously a significant factor, from the Russian point of view, in offsetting the US RDF's relatively greater power projection capabilities.

There are other considerations as well that impinge on the Soviet military occupation of Afghanistan. Whether or not the so-called Brezhnev doctrine implies, as some Western interpretations say it does, that the process of becoming a Soviet satellite is irreversible, it is a factor in the Soviet Union's relations with the Socialist countries that are contiguous to it or near its borders. Given the Socialist orientation of the Kabul regime, are the Russians likely to make an exception to this policy in Afghanistan's case. This aspect of the problem has also been indirectly referred to by President Zia recently. In an interview with the *Far Eastern Economic Review* in Japan last month, he said: "The Russians are trying to subjugate Afghanistan ... We know full well that the Soviet Union is not going to leave Afghanistan in a hurry and that, if and when they do quit, they will leave behind them such infrastructure as will allow them to return very swiftly."

The background to the Russian attempt to "subjugate Afghanistan" goes back to the 1950s, when the US rejected Kabul's repeated requests for the supply of arms. It was following these rejections that Mohammed Daud, Afghanistan's Prime Minister at the time, opened negotiations with the Soviet Union on their long-standing offer of military aid which the Afghans had previously ignored.

Its aid requests largely ignored not only by the Americans but also by the Shah of Iran, other rich Muslim countries and the West, Afghanistan came to depend more and more on Soviet assistance, with the Soviet bloc ending up by putting far more aid into the country than the combined total of all other sources. It was the same Daud who 20 years later, in 1973, overthrew the monarchy and paved the way for the eventual Communist takeover of Afghanistan. Following the 1978 Communist coup against Daud, the power struggle between Noor Mohammed Tarahki and Hafizullah Amin that led to the former's assassination by the latter, and, finally, against a background of growing national armed resistance to Communist Rule, the Soviets invaded the country in December, 1979.

Soviet view

The Soviet view of this invasion — or intervention, as some call it — is very different, of course. Again, the clearest expression of the Soviet position is to be found in Alexander Bovin's *Izvestia* article. Commenting on the principle of the non-interference by one country in the affairs of another, Bovin says:

"As regards the 'non-interference' argument, I could quite simply quote appropriate clauses of the Soviet-Afghan treaty and the UN Charter. Let us get to the gist of the problem. Non-intervention is a good thing but the principles of international law do not exist in a vacuum. There was a committee for non-intervention in the affairs of Spain, and that non-intervention resulted in the forty-year dictatorship of Franco. Should the Vietnamese who were asked for help by the Khmers who were being murdered by power-crazed maniacs have read them a lecture on non-interference in reply? History and politics cannot always be fitted into legal formulae. There are situations when non-intervention is a

disgrace and a betrayal. Such a situation developed in Afghanistan

If you are against Soviet military aid to revolutionary Afghanistan, then you are for the victory of counter-revolution. There is no third way."

It is manifest from this that, strategic and cold war confrontation questions apart, the Russians also see their presence in Afghanistan in ideological terms. From the point of view of their long-standing, constitutional commitment to advancing the cause of world Socialism, they see their massive military intervention in Afghanistan as a "saving mission." Given this, there are slim chances indeed of any weakening in the Soviets resolve to stay in the country, and, in the words of President Zia's *Economic Review* interview, "as a Superpower, the Soviet Union cannot be obliged to move."

With the fourth anniversary of the Soviet invasion approaching, nothing has changed. The beleaguered people of Afghanistan continue to stand virtually alone against the full might of the Soviet war machine. "We will fight," said a Mujahedin radio operator to a newsman recently, "until our blood runs out ... ten, 20, 100 years." The irony is that resistance of this kind makes Soviet withdrawal even less likely. The Soviets know full well that without their active military support the Babrak Karmal regime, and, indeed, Afghanistan's fledgling Communist system itself, would crumble rapidly. All indications so far are that the Soviets are not about to let that happen. As Henry Bradsher says in his recent book *Afghanistan and the Soviet Union*, "the prospect of driving the Soviets out of Afghanistan is very dim and distant ... To paraphrase the classic statement from the Vietnam war about a Mekong Delta village in the 1968 Tet offensive, the Soviets might have to destroy Afghanistan in order to save it."

OVER 100 SOLDIERS REPORTEDLY KILLED IN 'ARMY MUTINY'

Manila BULLETIN TODAY in English 11 Aug 83 p 2

[Text]

ISLAMABAD, Aug. 10 (UPI) — More than 100 troops were killed in a mutiny of Afghan army forces southwest of Kabul and many of the mutineers defected to the Afghan rebels, a Western diplomat said Tuesday.

Troops of the Afghan army's 8th division were en route by convoy from Kabul to Ghazni and Kandahar in the south of July 30 when the soldiers mutinied, the envoy said.

He said rebels were drawn to the convoy by the sounds of fighting in the mutiny near Maidan Shehr on the highway to Ghazni, 90 miles (145 km) south of Kabul.

The envoy said a prominent colonel of the 8th division was among those killed in the mutiny and that about half of the remaining Afghan soldiers of 8th division column defected to the rebels.

The diplomat told of what he called a dramatic rise in rebel activity last month in the area around Maidan Shehr.

He said that nearly

50 other Afghan troops joined the rebels during a rebel attack near Maidan Shehr on July 23.

Two Soviet Mig-24 fighter bomber mistakenly bombed a police barracks near Ghazni on July 30 in an attack that killed more than 20 troops of the regime of President Babrak Karmal, the diplomat said.

The planes attacked on information from officers who thought some barracks had been captured by rebels, one bomb missed the barracks and exploded in a busy street, killing a dozen civilians.

Gerrillas attacked Soviet and Afghan troops in a convoy north of the Salang tunnel on Aug. 2, killing or injuring more than dozen soldiers, knocking out five tanks and armored personnel carriers and capturing 10 troops loaded with food and clothing.

He said the rebels had hijacked more than 30 Russian trucks laden with food grains in the past three months.

FOREIGN MINISTER MEETS PRESS ON RETURN FROM U.S.

Dhaka THE BANGLADESH OBSERVER in English 5 Jul 83 pp 1, 12

[Text] The Foreign Minister, Mr. A. R. Shams-ud Doha, returned to Dhaka on Monday morning saying that his talks with the U.S. Secretary of State George Shultz, in Washington 'were most satisfactory' reports BSS

The talks held on June 20 last 'demonstrates the high level relationship' between Bangladesh and the United States. Mr Doha told newsmen on return from the month-long trip which also took him to Rumania and Turkey for bilateral visits and to Belgrade for the just concluded UNCTAD--6 Conference.

The Foreign Minister said that during his five-day official visit to the United States, besides Mr Shultz he also met several U.S. leaders of the Senate and the House of Representatives and exchanged views with them.

Describing his visit to Turkey as 'very good' the Foreign Minister said that both sides hoped to exchange visits of private investors as early as possible to identify areas of cooperation.

Referring to his visit to Rumania, Mr. Doha said that during the talks with his Rumanian counterpart they reviewed bilateral economic cooperation and decided to immediately implement the trade and economic agreement signed between the two countries. A Rumanian as well as a Bangladesh trade delegation will exchange visits shortly he informed.

Significant Progress in UNCTAD Meet

The Foreign Minister Mr. A. R. Shams-ud-Doha, said in Dhaka on Monday that the just concluded UNCTAD.6 Conference in Belgrade had made "very significant progress" considering the "wider issues and sharp differences" particularly on issues like commerce trade and marketing.

Talking to newsmen on return from a month-long visit abroad including the Yugoslav capital the Foreign Minister expressed the hope that the issues deliberated at the UNCTAD Conference "will continue to be discussed in the international forum." He said the notable in all these issues was the "successful resolution" on the Substantial New Programme of Action (SNPA) moved as a compromise proposal by the French Foreign Minister.

Mr. Doha was in Belgrade twice first with the Chief Martial Law Administrator Lt. Gen. H. M. Ershad for the official visit to Yugoslavia from June 8 to 11 during which the CMLA delivered a key-note speech at the UNCTAD.6 Conference. The Foreign Minister also flew to Belgrade last week to participate in the concluding session of the UNCTAD in the context of Bangladesh's being current chairman of the Group-77.

The Foreign Minister said that the UNCTAD session in Belgrade handled for the first time a wide range of international economic issues which included trade, commerce finance and marketing SNAP (Substantial New Programme of Action) and the UNCTAD issues.

"In a sense, we launched global round the whole package was taken into consideration" he said adding "there has been so many differences, mostly by the East-West rather than the North-South."

Referring to bilateral talks he had in Belgrade with the participation Ministers at the UNCTAD session Mr. Doha said that he held very useful talks with the French Foreign Minister and the West German Minister for Economy. He said he had also talks with the participating Ministers from Saudi Arabia Argentina Indonesia and the Netherlands.

CSO: 4600/1423

BANGLADESH DELEGATES SPEAKS AT ECOSOC MEETING

Dhaka THE NEW NATION in English 11 Jul 83 pp 1, 8

[Text] Geneva, July 10 (BSS): Bangladesh has called upon the international community to undertake special efforts to help least developed countries stand on their own feet in view of their desperate socio-economic situation.

Participating in the general discussion on world economic situation of the second regular session of the Economic and Social Council for 1983, being held here, the leader of the Bangladesh delegation, Mr K. M. Rabbani, said on Thursday that the global character of the present economic crisis called for global solutions.

Bangladesh is a member of the 54-member body which deals with economic and social matters as one of the organs of the United Nations.

Mr Rabbani, who is Additional Secretary of the External Resources Division of the Finance Ministry, said that the economic future and political stability of both developed and developing countries were so closely related that unilateral action would not produce the desired results for the development and recovery of the world economy.

Commenting on various issues before the Economic and Social Council, the Bangladesh Representative emphasised the need for immediate establishment of a world food security system aimed at eliminating hunger and malnutrition by the end of the century.

He said that food and agriculture issues should be kept at the centre of global agenda. He also attached importance to the consideration of development of energy resources to the developing countries and development and utilisation of new and renewable sources of energy.

CSO: 4600/1430

TREND IN ECONOMY IN 1982-1983 ONLY SLIGHTLY BETTER

Dhaka HOLIDAY in English 2 Jul 83 pp 1, 8

[Text]

The overall trend in the economy of the country during 1982-83 was not as bad as it was in the previous year. The rate of growth of the gross domestic product (GDP) was targetted at 6 percent. The actual growth has stood at 3.8 percent. However, the GDP grew by 0.9 percent in 1981-82.

Poor performance of the sectors like industry, construction, transport trade and housing is attributed to the lower rate of growth in the GDP. Although the growth rate of the GDP in agriculture, power and gas, bank and insurance etc. showed an improvement, those were also not much impressive.

Contribution of agricultural sector in the GDP in 1982-83 rose by only 0.67 percent. Contribution of industry in the GDP was 0.26 percent below the level of the preceding year. Similarly, the contribution of construction fell by 0.44 percent, transport by 0.09 percent, trade and commerce by 0.11 percent and housing by 0.3 percent.

The GDP in 1982-83 in terms of money stood at Tk. 7246 crore as against Tk. 6979.1 crore in 1981-82. Per capita income in 1982-83

is Tk. 770 as against Tk. 760 of the previous year. (The GDP and per capita income are calculated on the basis of constant 1972-73 prices.)

FOOD

The production of foodgrains during 1982-83 fell short by 4 lakh tons as against the target of 151 lakh tons. The shortfall in the foodgrains production was due to an unexpected drought throughout the country last year. The drought affected the normal yield of aus and aman paddy. Production of aus stood at 30 lakh tons as against 32.18 lakh tons in 1981-82. Production of aman increased by 4.05 lakh tons compared to the production of the previous year. But this quantity was also 4 lakh tons behind the target set for 1982-83. The actual production of aman stood at 75 lakh tons as against a target of 79 lakh tons.

Production of boro in 1982-83 crossed the target of 34.60 lakh tons by about 40 thousand tons. The rate of increase in the production of boro was 13 percent as against 20 percent achieved in the previous year.

The total deficit in the foodgrains in 1982-83 was

12.60 lakh tons. To face the situation the government procured 21.25 lakh tons of foodgrains from the external sources. In 1981-82 the procurement of foodgrains from the external sources was 12.44 lakh tons.

Procurement of foodgrains in 1982-83 from the internal sources stood at 2.50 lakh tons as against a target of 3 lakh tons. During 1981-82 the procurement of foodgrains from the internal sources was 2.98 lakh tons.

INDUSTRY

The rate of growth in the overall industrial production in 1982-83 was only 0.8 percent. The growth rate in the industrial sector in 1981-82 was only about 8.8 percent. During the year 1982-83, decline in the production compared to 1981-82 was in jute goods 32.01 percent, cotton 23.03 percent, cloth 37.63 percent, paper 15.63 percent, newsprint 31.82 percent, soap 26.79 percent and steel products 53.28 percent.

Production crisis in jute goods sector was due to the closure of 28 jute mills for a certain period for the handing over process of those mills to the private sector from the nationalized sector. The same factor affected production of cloth in 22

textile mills. On the other hand, power crisis, load shedding and workers disputes were also responsible for the poorer production of jute goods and cloth in 1982-83.

Production of jute goods during 1982-83 stood at 3.93 lakh tons as against 5.78 lakh tons in 1981-82. This was less by 37 thousand tons compared to the production target of 4.30 tons of jute goods in 1982-83. In 1982-83 about 1.69 crore yards of cloth was produced in the country as against 3.20 crore yards produced in 1981-82.

Production of newsprint in 1982-83 stood at 30 thousand tons compared to 44 thousand tons in the previous year. Production of soap in the year under review fell short by 4300 tons or 26.79 percent compared to the production of soap in 1981-82.

Production crisis in the Newsprint Mill followed by the restricted demand of local newsprint in the foreign markets were attributed to fall in production.

However, the production of cement in 1982-83 rose by 3.07 percent, TSP by 29.31 percent, Urea by 8.98 percent, cycle by 44.5 percent, diesel engine by 38.73 percent, television by 2.98 percent and rubber by 9.52 percent compared to their production in 1981-82.

MONEY SUPPLY

Upto March 25, 1983, the circulation of narrow money (M1) reached at Tk.

2396.11 crore from Tk. 2155.57 crore on June 30, 1982 registering an increase of Tk. 200.54 crore or 11.16 percent during the period. The circulation of broad money (M2) during the period under review reached at Tk. 5301.02 crore as against Tk. 4718 crore on June 30, 1982. It registered a rise of Tk. 582.36 crore or 12.34 percent over the previous year.

The broad money circulated in 1982-83 was composed of currency outside bank Tk. 193.60 crore, demand deposit Tk. 46.94 crore and time deposit Tk. 341.82 crore.

Circulation of narrow money registered a sharp increase in the first half of 1982. On December 30, 1982 the circulation of narrow money stood at Tk. 2477.68 crore. It reached at Tk. 2396.11 crore on March 25, 1983.

Circulation of broad money as on December 30, 1982 stood at Tk. 5322 crore. It reached at Tk. 5301.02 crore in the next three months.

BANKING

The total deposit in the scheduled banks during the first nine months of 1982-83 registered a sharp increase compared to the rate of increase in deposit in the corresponding period of 1981-82. During the period the total bank deposit reached at Tk. 4201.75 crore showing an increase of Tk. 388.76 crore or 10.20 percent compared to the deposit in 1981-82. On

June 30, 1982 the total bank deposit stood at Tk. 3812.99 crore.

During the period the demand deposit increased by Tk. 46.94 crore or 3.76 percent and time deposit increased by 341.82 crore or 13.34 percent. It reveals that a large sum of money during the period was transferred to the time deposit from demand deposit. Increase in the rate of bank interest contributed much to this situation.

FOREIGN AID

Since December 16, 1972 Bangladesh received commitment of foreign aid to the tune of 14,674.7 million US dollars. Out of this, 2799.4 million dollars were committed as food aid, 7376.3 million as project aid and 4499 million dollar as non-project aid.

The receipt of foreign aid up to June 1983 stood at 10,335.5 million US dollars. It is composed of 2774.5 million dollars food aid, 4056.6 million dollars non-project aid and 5034.9 million dollars project aid.

The total commitment of foreign aid in 1982-83 stood at 1928.5 million US dollars compared to 1943.1 million dollars in the previous year. Foreign aid to the tune of 1345 million dollars was disbursed in 1982-83 as against 1236.1 million dollars in 1981-82. Out of this, 695.6 million dollar came as credit and 649.4 million dollar as grant.

SURVEY SHOWS HEAVY TRADE DEFICIT OVER PAST DECADE

Dhaka HOLIDAY in English 9 Jul 83 p 3

[Text] During the last decade (1973-83) Bangladesh has incurred a heavy trade deficit of Tk. 15,000 crore in terms of local currency, in the international trade sector, according to the 1982-83 Economic Survey.

Imbalanced international trade, that is, widening gap between the export earnings and import cost is said to be the main factor of this trade deficit.

During the period Bangladesh spent Tk. 23,600 crore in importing various items from abroad. At the same time the country earned only Tk. 8600 crore from the export trade.

At the same time Bangladesh has incurred a trade deficit of over 937 crore dollars in terms of foreign exchange in respect of the average dollar rate in the local market in different years.

During the decade Bangladesh spent about 1484 crore dollars in importing items while she earned only 549.63 crore dollars from export.

According to the Economic Survey, financial stagnation and rising inflationary situation have affected international trade sector. Most of the countries of the world adversely. It is causing increase in the trade deficit in all the underdeveloped countries.

During the first few years, export earnings, compared to import cost have decreased gradually. As a result of this, the balance in the import cost and export earnings has made the overall economy more critical, the Economic Survey opined.

However, during the last financial year (1982-83) the situation showed a sign of improvement as the country's earning in foreign exchange was favorable due to the impressive inflow in the form of wage earners scheme, the Economic Survey pointed out.

According to the official statistics, Bangladesh in 1982-83 earned to the tune of Tk. 1600 crore from cost on import of the country reached at Tk. 5465 crore. It registered a deficit of Tk. 3865 crore in the balance trade of the country in 1982-83.

During the year Bangladesh exported items worth 67.34 crore dollars while the import cost stood at 230 crore dollars, indicating a trade deficit of 162.66 crore dollar.

During the previous year Bangladesh spent Tk. 3464.35 crore in import while its export earnings stood at Tk. 1255.54 crore. It registered a deficit of Tk. 2198.81 crore for the country in 1981-82.

Factors

Import cost of Bangladesh in the last decade increased gradually mainly due to the increasing trend in the dollar rate in comparison with the rate of local currency. In 1973 and 1974 one dollar was equal to Tk. 8. In the following year the dollar rate increased by only 50 poisha in terms of the taka currency.

During the next four years (1976-80), the rate of one dollar in comparison with the taka remained almost constant while one dollar was equal to Tk. 15 on the average.

In 1980-81, the rate of one dollar increased to Tk. 16. It again shot up to Tk. 19.50 in 1981-82. In 1982-83, the rate of one dollar fluctuated from Tk. 222 to Tk. 26 while the average dollar rate in the year in Bangladesh in a flat rate basis was calculated at Tk. 23.76.

It indicates that in 1982-83 the rate of one dollar increased by almost 300 percent compared to the dollar rate in 1973-74.

Import Cost

Consequently, although import of the country by volume did not show any significant increase, the total cost on import rose each year.

The export performance in 1982-83 showed some improvement due to the increase in the price of jute goods in the international market. As a result, although export of jute goods in the year decreased by volume, the earnings from jute goods export in taka terms increased.

In 1982-83, Bangladesh exported 5.11 lakh bales of jute goods as against 5.39 lakh bales in the previous year. But in 1982-83 export earnings from jute goods reached at Tk. 757 crore as against Tk. 584 crore in the preceeding year.

It may be pointed out here that in 1982-83 price of one ton of hessian in the international market was Tk. 15,417 as against Tk. 12,095 in 1981-82. In between the period, the price of one ton of sacking rose by Tk. 2052 and carpet backing cloth (CBC) by Tk. 1367.

In 1982-83, the prices of hessian, sacking and CBC in dollar terms in the international market also increased by at least 10 percent compared to their prices in 1981-82.

The cost of import rose due to increased cost on import of food, edible oil, fuel, industrial raw materials and machineries. During 1982-83 food worth Tk. 1150 crore was imported into the country. It was 97.29 percent over the import cost in 1981-82. Similarly, the import cost in 1982-83 rose by 81.40 percent in fuel, 94 percent in edible oil, 17.19 percent in industrial raw materials and 57.41 percent in machinery compared to their impart cost in the previous year.

CSO: 4600/1427

ENERGY MINISTER TELLS MEASURES TO INCREASE PROSPECTING

Dhaka THE BANGLADESH OBSERVER in English 28 Jun 83 pp 1, 12

[Text] Kailashtilla (Sylhet) June 27:--The Deputy Chief Martial Law Administrator and Minister for Energy Air Vice-Marshal Sultan Mahmud gave a brief account of the measures taken to step up oil/gas exploration and development and more use of gas discovered reports BSS.

The projects undertaken by the Government in the field of exploration are as follows:

Exploration/drilling in Sitakund structure by Petro Bangla crew in April.

Preparation for exproation in Patharia by Petro Bangla crew with newly-acquired modern French Dressor rig.

Exploration of wells in Chittagong Hill Tracts under production-sharing contract with Shell Company by 1984.

Exploration of well in Fenchuganj structure through French help.

Seismic study of 1500 KM of south west deltaic region and production seismic of 6 to 7 important gas fields.

Setting up of a data processing centre and a hydrocarbon habitat study in order to prepare a complete exploration promotion pakage, and seismic study of the Hinge Zone partly by British Overseas Development Agency and partly by West German assistance to delineate prospective structures specially in western part of the country and,

Setting up of a data centre to help analyse prospective structures under USAID.

The following programmes were lined up for next fiscal year: Three development wells in Titas gas field one of which has already been taken up two development wells in the Habiganj gas field, development of Kailashtilla and its connection with Fenchuganj Fertilizer Factory and Chhattak gas field, Completion of 110-mile long transmission line connecting Bakhrabad gas field with Chittagong industrial belt, and developing a distribution system for Comilla, Laksam Feni, Noakhali Mirersharai and Chittagong.

Technical appraisal for connection of Bakhrabad system with Demra for optimum utilisation safety and security of the national grid, a parallel transmission line from Titas to Joydevpur via Narsingdi and Ghorasai to augment gas supply to greater Dhaka area, development of two troubled wells of Sylhet and one of Chhattak. feasibility study to supply gas to the western zone feasibility study of LPG extraction from gas and its possible use under CIDA assistance, pilot study of conversion of diesel and petrol transports to operate on CNG. This study will be further increased to locomotives and riverine vessels, and development of Kamta gas field including 11 miles transmission line to augment gas supply to Joydevpur.

CSO: 4600/1415

IDA CREDIT GRANTED FOR AGRICULTURE, TRAINING

Dhaka THE BANGLADESH TIMES in English 11 Jul 83 pp 1, 8

[Text] International Development Association (IDA) will provide Bangladesh 28.1 million dollar for investment in agriculture sector, reports ENA.

IDA--World Bank's affiliate for soft-term lending, will provide the fund for boosting sugar production and training agriculture extension worker.

A Press release issued by the World Bank office here 20 million dollar will be spent for development of sugar production while the remaining amount for training purpose.

The average income of more than 50,000 small farmers who live in sugar mill zones in the western part of the country will improve by about 55 per cent as a result of a dollar 25.65 million project. The government's efforts to earn or save foreign exchange in increasing the production of non-foodgrains such as sugar, will be supported.

Three government-owned sugar companies (Thakuragor, Rangpur, and Rajshahi) will be assisted in rehabilitating their mills and increasing their cane sugar production. Minor modifications will be made to improve efficiency and performance and provide control measures for environmental production. Each mill will be equipped with a mechanical cane unloading and feeding system, as well as storage facilities.

By providing equipment, vehicles, offices and staff quarters, the project will also strengthen the agricultural extension services offered by the three companies to register small cane growers in the mill zones and to develop mill farms. The extension services will promote better land preparation and early planting and the use of credit, fertilizer, and good quality seed cane.

Key-road segments linking the mills and the purchase centres will be improved. Technical assistance and training will be provided including foreign training for 15 senior extension officers.

The government of Bangladesh and the sugar companies will contribute dollar 748,000 and dollar 3.79 million respectively toward the project costs.

The Sonali Bank (Bangladesh) will provide dollar 1.12 million in production credit to growers.

The curriculum of the Agricultural Training Institute in Bangladesh will be made more relevant to the new role of extension agents under an integrated extension service. Training will also be improved through the provision of agricultural manuals in about 30 subjects printed in Bengali.

CSO: 4600/1429

COMMERCE MINISTER ANNOUNCES NEW EXPORT POLICY

Dhaka THE BANGLADESH OBSERVER in English 30 Jun 83 pp 1, 12

[Text] The new export policy for 1983-84 envisages an overall earning of Taka 1750 crore (706 million US dollars) from sale of the country's goods and commodities in the international markets. The export target for the coming fiscal year is Taka two hundred crore higher than the related one for 1982-83. It projects a 8.56 per cent increase in Taka terms at current rate of one US dollar for Taka 24.80 over the export performance of the outgoing financial year.

Disclosing the salient features of the new export policy at a Press conference at the State Guest House "Meghna", on Wednesday Mr. S. M. Shafiul Azam Minister for Industries and Commerce stated that the objectives of the policy would be to increase export earnings for improving significantly the balance of payments position, diversify the exports products and develop further availability of products for export and explore new markets.

The Press conference was attended by the Secretary Industries Division, the Additional Secretary, Commerce Division the Additional Secretary Jute Division the Vice Chairman of Export Promotion Council, the Chief Controller of Imports and Exports and other senior officials of the Ministry of Industries and Commerce.

The Minister maintained that the new policy had been formulated with a view to simplifying further procedures and adopt an integrated approach towards solution of export-related problems and to provide additional facilities and incentives to the exporters for making export trade more attractive.

Referring to the new fiscal and other incentives and facilities under the new export policy. Mr. S. M. Shafiul Azam stated that existing interest rate of eleven and a half per cent for export credit against non-traditional items would be reduced to nine per cent and the scope of Export Performance Licence would be enlarged. Besides, the duty draw back system would be simplified wherein under the eligible exporters would be allowed in advance to 100 per cent of eligible duty draw back free of interest for 90 days from scheduled banks on the basis of provisional certificates from customs authorities. The payment of duty drawback at drawback of flat rate under the existing system

to the exporters of non-traditional products would henceforth be made through the exporters bank he noted.

He mentioned that locally produced materials used as direct inputs for manufacture of exportable products or products supplied against international tenders for local project procurement financed by multinational donors under project aid would be extended export incentives and facilities like duty draw-back XPL relief from payment of excise duty etc. This new facility will be given with the aim of increasing the value-added contents of many of the country's exportables and also ensuring higher capacity utilisation in the country he added.

The Minister said that liberal and travel facilities would be given to the exporters and export-oriented industries (of non-traditional products) would be given special rebates in respect to premium for fire and marine insurance.

Giving a sector-wise break-down of project export earnings the Minister said that the jute sector would be contributing 61 per cent and the non-jute sector 39 per cent to the overall export earnings in 1983-84. The share of the jute sector in the aggregate export earnings in 1982-83 would stand at 63 per cent and that of non-jute sector at 37 per cent, he added.

Replying to a question he said that the volume-wise export targets of raw jute and jute goods for 1983-84 had been projected at 17 lakh bales and 5.50 lakh tons respectively. The actual exports of raw jute and jute goods in 1982-83 would be around 22 lakh bales and 5.30 lakh tons respectively he added.

The item-wise export targets in terms of value for 1983-84 have been projected as follows: raw jute-Tk. 221 crore (89.11 million US dollar), jute goods-Tk 843 crore (339 million US dollars), leather-Tk. 135 crore (54.4 million US dollars) tea including packet tea-Tk. 120 crore (48.39 million US million dollar) frozen food Tk. 163 crore (66.53 million dollar) readymade garments-Tk. 60 crore (24.19 million US dollar) naptha, furnace oil and bitumin-Tk. 55 million (22.17 million US dollar) handicraft-Tk. 10 crore (4.03 million), agricultural products-Tk. 30 crore (12.10 million US dollar) chemical and pharmaceutical products-Tk. 36 crore (14.52 million US dollar). newsprint paper and allied products-Tk. 25 crore (10.08 million US dollar) engineering products-Tk. 10 crore (4.03 million US dollar), specialised textiles and household linen-Tk. five crore (2.02 million) and others-Tk. 35 crore (14.11 US million).

Mr. Shafiul Azam said that the shares of traditional and non-traditional items in the projected export target of 705.64 million US dollar for 1983-84 would stand at 66.8 per cent and 33.2 per cent respectively. The shares of primary and manufactured items would be 32.34 per cent and 67.66 per cent respectively in 1983-84.

Giving an overall review of the export performance for 1982-83 the Minister said that export earnings would exceed Taka 1600 crore (670 million US dollar) as against the target of Tk. 1550 crore (650 million US dollar) for the year.

When asked what was the basis for projection of export earnings in US dollar terms when the export target was set in July '82 he maintained that the target in dollar terms was fixed in terms of average rate of exchange of Taka for one US dollar at slightly above Taka 23.

When his attention was drawn to the world bank report prepared in March last about the fall in the country export trade by three per cent in real terms in 1982-83 the Minister maintained that the export trade in terms of volume would be maintained at higher levels in the outgoing financial year than that of the last year he claimed that there was a real growth in volume-wise exports in 1982-83.

Asked about the trends in the overall export price index in 1982-83 Mr. Shafiul Azam said that the figure had yet not been calculated. On the whole the index would be on the same level as that of the last year notwithstanding variations in export prices of different items in 1982-83.

Replying to another question he said that export performance licences had been issued to the tune of Taka 260 crore in 1982-83. He stated that the revenue loss on account of abolition of duty on raw jute exports in 1982-83 would be about take four crore.

CSO: 4600/1417

REPORT ON FOOD MINISTER'S SPEECH TO WORLD FOOD COUNCIL

Dhaka THE BANGLADESH OBSERVER in English 2 Jul 83 pp 1, 12

[Text] United Nations, July 1:--Bangladesh in describing the global food scenario as disturbing, called last night for concerted efforts to remove hunger and starvation from the world, especially developing countries reports BSS.

"The majority of the people of the world continue to live in unbelievable squalor and unnecessary misery", Food Minister A. G. Mahmud told the World Food Council.

He was speaking in the 36-member council's debate on food trends, strategies and priorities in the developing countries of Asia Africa and Latin America and on food security issues.

The W.F.C. was established by the General Assembly in 1974 to promote and co-ordinate the political action necessary to carry out the assembly's resolutions concerning food.

It monitors the world food situation, mobilises support and strives to help local and international agencies to solve the world food problems.

The council's present session began on Monday and is expected to conclude tomorrow.

Expressing concern over the world food situation, the Bangladesh Food Minister said that stagnant production population pressures, resource constraints unpredictable swings in supply, demand and prices and insupportable debt burdens dominated the developing countries particularly the low income food-deficit countries for their fragile economies were characterised by a treadmill syndrome.

"They must run merely to be able to survive" he said. More and more their preoccupation was one of crisis management.

While some solace could be derived from the fact that overall food production had increased the main point to underscore was its unevenness and uncertainty. While there was a global surplus of food Mr. Mahmud said a fourth of the

world's population remained hungry. Mere output increases were insufficient unless one addressed the critical issue of distribution so as to bring food within the reach of the hungry.

In Bangladesh the Food Minister said a lack of demand resulting from a poor employment situation and the consequent lack of purchasing power in a large section of the population had a direct braking effect on production retarding it to a much lower level than that which the existing technology, and input availability would have dictated.

CSO: 4600/1419

CHHATRA LEAGUE PRESS RELEASE SCORES AWAMI LEAGUE

Dhaka THE BANGLADESH TIMES in English 29 Jun 83 pp 1, 8

[Text] The National Working Committee of Bangladesh Chhatra League (F-M) in a lengthy statement to press on Tuesday analysed the character of Awami League led by Sheikh Hasina Wazed and said the party was unable to deliver the politics that could serve the interest of the downtrodden.

The statement signed by Mr. Mukul Bose, General Secretary of the organisation said that the Awami League could not so far earn confidence of the people since the death of "Bangabandhu" and termed it ridiculous for the party to think it could go to power through elections or "negotiations."

In a critical note the statement said the party proved its "impotence" for what it termed the reactionary nature of a section of the party leaders who it claimed did not represent the large number of dedicated workers of this powerful organisation."

Declaring its goal to establish socialism through BKSAL, the statement criticised AL (H) for supporting Jalal-Jehangir faction of BCL who it said had been rejected by the broad section of the organisations believing in the ideology of Bangabandhu.

It said that the AL leadership at Road No. 32 became antagonistic to us when we spoke of ideology instead of person in Bangabandhu. It said the individual Mujib had been killed with the help of a section of AL leadership who were now conspiring to kill the ideology of 'Bangabandhu'.

They declared their decision to address themselves to broad masses and the party workers instead of the confines of the leadership about the 'Bangabandhu.'

The statement recalled the successes of BLC (F-M) despite oppression by the other faction in election in various colleges pointing out that the other faction had been rejected by followers of ideology of 'Bangabandhu'.

CSO: 4600/1416

DEEPENING CRISES IN HUDA FACTION OF BNP

Dhaka THE BANGLADESH TIMES in English 29 Jun 83 pp 1, 8

[Text] The crisis inside BNP (Huda) has deepened with the expulsion of two Joint-Secretary Generals of the party by Mr Shamsul Huda Chowdhury, Chairman of the organisation on Tuesday.

But Messrs Khalequzzaman Khan Dudu, who is also the President of BNP (H) youth wing and Sheikh Shawkat Hassain Nilu, in a statement challenged Mr. Choudhury's statement on Sunday. They demanded convening of a meeting of the Central Executive Committee and declaring a date for holding party national council.

According to a BNP (Huda) Press release of both the Joint-Secretary General's have been relieved of their posts and expelled from the primary membership of the party by the party Chairman Shamsul Huda Choudhury on charges of violating organisational discipline.

CSO: 4600/1416

TEXT OF ERSHAD 8 JULY RADIO, TELEVISION SPEECH

Dhaka THE BANGLADESH OBSERVER in English 9 Jul 83 p 12

[Text] Text of Speech

Following is the English rendering of the Chief Martial Law Administrator, Lt. Gen. H M. Ershad's address to the nation over radio and television Friday night on the occasion of Shab-e-Qadr and Eid-ul-Fitr, reports BSS

Bismillahir-Rahmanir-rahim,

My dear countrymen,

Assalamu-Alaikum.

Tonight is the sacred night of Shab-e-Qadr "Lailatul Qadri Khaorium Min Alfe Shahar" means, the night of Shab-e-Qadr is better than one thousand months Through this night of the sacred month of Ramzan, Allah the merciful showers His blessings on all his creations so, on the eve. of Eid-ul-Fitr in this night of Shab-e-Qadr, I pray to the Almighty Allah for happiness, peace and prosperity for all of you.

You know that, we took over the responsibility of running the country at a very critical juncture. After announcing the budget for the current year, I can tell you that we have been able to improve the situation after relentless efforts For this I express my gratitude to the Almighty Allah. We have been able to overcome the despondency and uncertainty which was prevailing one year back while formulating the budget for 1982-83 after putting in tireless labour. The reserve of foreign exchange which was only Taka 240 crore in the beginning of the previous year now stood at Taka 780 crore. The economic growth rate which was zero in the beginning of the year has increased to 38 per cent. It was also possible to keep the inflation rate under control.

Dear countrymen,

I want to state here that despite various difficulties we have been able to produce record quantity of one crore fiftynine lakh tons of food-grains this year. The full credit for this achievement goes to the peasants That is why we have taken up a number of steps in the interest of the peasants. The

procurement prices for Aman paddy and rice have been increased Taka 200 crore has been earmarked for the food for work programme in the current year's budget. The agriculture sector has been given the highest priority and Taka 850 crore will be given as agriculture loan for agriculture expansion. The amount of jute loan has been raised to Taka 29 crore from that of the Taka 8 crore in the previous year to increase jute production and encourage jute cultivation. Besides, entire 15 lakh acres of land under jute cultivation has been identified as the intensive cultivation area and the loan giving procedure has been simplified by setting aside the existing block method. Our objective is to reduce the gap between the urban and the rural areas. Keeping this in view, about half of the allocations of the Annual Development Programme (ADP) will be spent in the rural areas. We have been careful so that the poor people are not burdened with taxes. Taxes have been imposed only on those who are capable of giving taxes. As a result the budget for the current year can be described as a realistic and people-oriented budget because it is the budget for the poor.

One of the main characteristics of our economic success during the previous year is the unexpected good result in the field of exports. We have been able to earn more than Taka 1,600 crore which exceeded the export target during the last fiscal year as a result of our realistic steps and relentless efforts. We have taken steps to provide newer facilities to the exporters during the current year which we expect will help reach the export target of Taka 1,750 crore.

On the other hand, special attention has been given so that production is not hampered in the country's industrial units. A Taka three thousand and five hundred crore import policy was announced for the current fiscal year to meet the demands. Possible steps have been taken for setting up industries in the private sector. It is our belief that the privately owned industrial units will soon be able to prove their efficiency. We are eager to create a healthy competition in the industrial sector. As a result the workers will get fair wages by increasing production.

In this context, we have adopted a Taka 3,483 crore development programme during the current fiscal year. This programme has to be implemented to ensure quicker economic development of the country. I am offering Munajat to the Allah the Merciful on this night of sacred Shab-e-Qadr for the success of this development programme.

Dear countrymen,

Now, I like to draw your attention to a number of important subjects. We should always keep in mind that this independent and sovereign Bangladesh was earned at the cost of lives of lakhs of Shaheeds. So it is the sacred duty of the nation to rehabilitate the participants of the freedom struggle in the society. The present government is fully aware of that responsibility. Residential accommodation has been arranged at Mirpur in Dhaka for the disabled Freedom Fighters and the families of the Shaheed Muktiyoddhas. In the meantime, work has been taken in hand to construct office and library for the Mukti [word indistinct]. Besides seat has been kept reserved for the Muktiyoddhas in the Thana Parishads.

We want to keep ever alive the overall spirit and sentiment of the freedom struggle. The heroic saga of the brave Freedom Fighters have been incorporated in the school text books. In the meantime documentary films have been made basing on the bravery and patriotism of the Shaheed Muktiyoddhas. On the other hand, construction of the national mausoleum at Savar has been completed having given the highest priority. This mausoleum is just only a symbol of our respect towards those who embraced martyrdom for the independence of the country imbued with the love for the motherland. In fact, the Bangladesh that they had left for us in-exchange of their lives is but a great mausoleum. If we can build this country beautifully, only then we could show our due respect to the departed souls of the Shaheeds.

The aim of our independence is economic emancipation. To attain this goal, we have on the whole identified some subjects. These are--the principal national ideal, basic requirements of the people rural economy industrial and labour policies improved social conditions, foreign policy and steps for transition to democracy--In this context we spoke about Islamic ideal and values in explaining the principal ideal. We want reflection of Islamic ideal and values in all spheres of state and social life. Seven Islamic missions have been opened for the welfare and development of poor and uneducated Muslims in the backward areas of the country. The number of such missions will be increased in phases in future. An Islamic advisory parishad will be formed comprising religiously learned personalities of the country to advise the Government on religious matters. It also calls upon the countrymen to donate in the Zakat Fund during the sacred month of Ramzan.

At present the Imams of mosques are being given training so that they can actively cooperate in the implementation of local development projects and help eradicate illiteracy. Besides the Government have in the meantime opened permanent Hajj missions in Makkah muazzama and Medina nanswara to look after the welfare of Hajj pilgrims from Bangladesh and provide them with increased facilities.

You are aware that Government have also undertaken effective measures for the welfare of the followers of other religions.

Islam stands for equality, tolerance to other religions honesty justice and respectfulness to all. At the same time we have spoken about national solidarity. We are declaring in clear terms that we have to keep aloft our own language culture and heritage.

Dear countrymen

In my address to the nation on February 18 I said that the present Government believed in democracy and that it was respectful to it. This called for ensuring the participation of people in running the state affairs. This is why we want to firmly establish democracy through elections on the basis of adult franchise. There is no alternative to people's democracy in the greater interest of the country. In all fairness it should be mentioned here that we had been deprived of such real democracy in the past. At that time administration wealth and power remained centralised. But we have taken democracy to the doorsteps of the people.

I pledged to you that the work on transition to democracy would begin with the improvement of the situation. By the grace of Allah we have crossed over a big phase in the transition towards democracy.

By the mercy of Allah and on the auspicious occasion of the holy night of 'Shab-e-Qadr' I am announcing the arrangement for holding Union Parishad elections throughout the country from December 27. The elections will be complete in the next three weeks. This will be followed by the country's Municipal and Municipal Corporation elections from February 11. The Thana Parishad election will begin on March 24. I reiterate here that in conformity with the government's declared policy all local bodies elections will be held on the basis of adult franchise. The verdict of the people will be considered final.

It is a matter of pride for the nation that this is for the first time the judiciary has been separated from the executive. We have received direct and indirect support from almost all quarters of the country on the questions of taking judicial and administrative system to the thana level under the reorganisation scheme and formation of thana parishad on the basis of direct vote. For this I congratulate the people and the members of the armed forces.

Dear countrymen

[Word indistinct] this backdrop I appeal to all to maintain a congenial and peaceful atmosphere in the country. The need for maintaining the peace and discipline inside the country and creating favourable atmosphere is all the more greater now. We have taken all necessary steps and demonstrate our good will to restore democracy. But on the eve of transition to democracy if any hurdle is created or peace disturbed from any group or quarter the responsibility for it will lie squarely on them,

Naturally the consequence of this will not be happy. That is why I call upon the people to be on their guard. As Commander-in-Chief of the armed forces I hold out the assurance that the armed forces are with the people and they will continue to stand by them like ever vigilant sentinels in this endeavour.

We have now reached a crucial stage of the nation's history. We are to cross over the steps in the transition towards democracy with great caution. This is not the responsibility of the Government alone but of all of us. Because through this process we shall be able to establish political stability in the country in the future. I want to state in clear terms that political tolerance, and mutual respect are inextricably linked with real democracy. It is not possible to build up democratic tradition without patience and tolerance.

In accordance with the steps of transition towards democracy we shall have to take elections after the elections of the local government institutions. I have in the meantime instructed the Election Commission to make arrangements for holding general elections in the country by March 1985. The timing for countrywide general election has been decided in the hope that peace discipline and favourable condition will continue to prevail. I seek the co-operation of all irrespective of political affiliations and opinions.

The 'Siam of holy Ramazan has taught us self-restraint sacrifice and spirit of brother hood. Let us come forward to build our beloved motherland as a prosperous nation inculcating these virtues in all spheres of national life. May Allah bless us.

I am again praying on the occasion of the holy Shab-Qadr to Allah the merciful let the life of all be filled with happiness and peace. Let the country strive forward on the path to democracy and progress. Simultaneously I wish the happiness prosperity and progress of the brotherly and friendly people of the Muslim world and extend my Eid greetings.

I wish Eid Mubarak to all with the hope that this year's Eid brings in joy and happiness to all households.

Khuda Hafez,

Bangladesh Zindabad.

CSO: 4600/1426

COMMITTEES FOR 18-POINT IMPLEMENTATION FORMED

Dhaka THE BANGLADESH OBSERVER in English 2 Jul 83 p 1

[Text] Favourable and growing interests are being shown by people from all walks of life to the 18-point programme of General Ershad as the charter of national survival and economic emancipation the Local Government Rural Development Cooperative and Religious Affairs Minister, Mr. Mahbubur Rahman said in Dhaka on Friday.

People have clearly demonstrated their confidence in the programmes which promise to ensure a prosperous Bangladesh he told BSS in an interview.

Grass-roots level committees are being formed under the name and style of 18-point implementation council by the people from all shades of opinion to help materialise the economic objectives of the programme he said.

The Local Government Ministry will open a cell for coordination among the people associated with the Implementation Council he said. These committees would also monitor progress of development activities between the Government and the councils.

The Minister said 18-point Implementation Councils are likely to be formed at union municipal thana and district levels. According to available information he said the councils are being formed in Dhaka Chittagong Comilla and Noakhali districts.

The idea of forming the Implementation Council was mooted at the national seminar held in Dhaka recently on "people's participation in the implementation of Government programmes.

The CMLA Lt. General H. M. Ershad had inaugurated the seminar and the Local Government Minister Mr. Mahbubur Rahman presided.

Mr. Rahman said the district level seminars on the people's participation in the implementation of development programmes, are now being held in pursuance of the decision taken in the national seminar. The recommendations of the seminar are being documented for circulation and consideration by the Government to accelerate the pace of rural development he added.

ERSHAD ADDRESSES 18-POINT IMPLEMENTATION COUNCIL

Dhaka THE BANGLADESH OBSERVER in English 5 Jul 83 p 1

[Text] The Chief Martial Law Administrator, Lt. Gen. H. M. Ershad on Monday declared that the 18-point programme announced by the Government is our national programme for hunger, poverty, disease and illiteracy, reports BSS.

He said the programme does not belong to any individual or group but it belongs to ten crore people of Bangladesh. In its implementation lies our survival, he added.

The CMLA was talking to the members of the newly formed Dhaka city 18-point programme implementation council, who met him at the CMLA's Secretariat in Dhaka.

Gen. Ershad said what we need is hard work, missionary zeal and honest endeavour and not procession, demonstration and tall talks. We will have to change our mental attitude towards life and contribute in our respective capacities to the national development, ultimate goal of which is to achieve self-reliance.

He said, "let us put the national interest above self-interest and work unitedly with the common objective of making the independence meaningful by reaching its fruits to all from one corner to the other. Our people in the villages are simple people and their requirements are minimum. If we fail to fulfil those minimum needs, all our plans and programmes will be fruitless. We must do something to improve the conditions of our sixtyeight thousand villages."

The CMLA says the Government is making all out efforts & taking reformative measures to change the fate of the rural people.

Gen Ershad reiterated that his Government is determined to redeem the pledges it made to the nation when it shouldered the responsibilities at a critical juncture of the country's history to save it from ruination. "I am confident the people are with us in our sincere and dedicated efforts", he added.

Turning to the erosion of moral values and the extent of corruption, the CMLA warned, "unless we realise the gravity of the situation, we will not be

"able to make any real progress." He made a special mention of corruption in Government and Semi-Government offices and said those who are indulging in this must not forget that they can neither live in peace nor can they expect their children to enjoy the illegally accumulated wealth. In the long run they will have to pay for it he emphasised.

He told the members of the council that the spontaneous support and response to the 18-point programme being received from the people would inspire and strengthen the hands of Government to implement the people oriented plans effectively and successfully.

The council headed by Muhammad Sirajuddin conveyed its total support to the CMLA in his determined efforts to bring about a change in our national life.

The Minister for Local Government, Rural Development Cooperatives and Religious Affairs, Mr. Mahbubur Rahman who also spoke on the occasion expressed the confidence that the members of the council will carry the message of the 18-point programme to the people of their respective areas.

He said it was encouraging to note that the members of the council, inspired by the spirit of the programme, have decided to set up similar councils in their respective areas at thana and ward levels in the city of Dhaka.

He said it was encouraging to note that the members of the council, inspired by the spirit of the programme, have decided to set up similar councils in their respective areas at thana and ward levels in the city of Dhaka.

He said it was also encouraging to note that people drawn from different walks of life spontaneously started forming similar councils at district municipal and thana levels being inspired by the 18-point programme of General Ershad and coming forward to help the Government for its implementation.

CSO: 4600/1423

REPORTAGE ON PRESENTATION OF 1983-1984 NATIONAL BUDGET

Finance Minister's Budget Speech

Dhaka THE BANGLADESH OBSERVER in English 1 Jul 83 pp 8-11

[Text] My dear countrymen,

Exactly a year ago on this day I had the honour of presenting the national budget before you. At that time a severe crisis was reigning in the economic life of the country. Its future was uncertain and fraught with danger. There was widespread anxiety and a big question mark about socio-economic stability. Today I express my deep gratitude to all of you for being able to stand up for the second time to present the national budget of 1983-84 under changed circumstances. The uncertainty has certainly been left behind, although our economy still remains very fragile. The year that is coming to an end today has been a period of great sacrifice and austerity. As a nation we have successfully passed this test of will. But there is no scope of ingratiating ourselves on this success because it only means an increase in per capita income for our people at the rate of an average of Tk. 24 per month.

2. At the very outset I would like to express on behalf of the Government our deep sympathy with those who lost their lives or became victims in some other way of various civil disorders, natural calamities, floods and cyclones and hail-storms and accidents relating to transport and power supply. During the year we have lost a number of freedom fighters and heroes of our liberation struggle and I express our deep respect to their memory. Further, for those social-workers, intellectuals, educationists and thinkers who parted from serving the people and leading the society, I pray that their souls rest in eternal peace. Now I would like to remember with respect a pioneer of our liberation struggle and one who took the responsibility of compiling the history of our liberation, poet Hasan Hafizur Rahman and a fearless protagonist of freedom of thought and a great leader of the world of intellect, education and literature, Professor Abul Fazal.

3. I remember with pride that it was during this year that the National Martyrs Memorial, dedicated to the memory of the freedom fighters who laid down their lives for the liberation of their country, took definite shape and expressed the deep feelings of the nation. Those who worked hard for completing this Memorial deserve our respectful compliments.

The Economic Environment and Activities of 1982-83

4. 1982-83 was a transitional period for the world economy. It was the same for the economy of Bangladesh. When the year began our economic growth rate was near zero, our investment rate was fast deteriorating, our foreign exchange reserves were at a dangerously low level and our import-export imbalance was unusually critical. Yet the combined efforts of the nation are likely to achieve a growth rate of 3.8 per cent this year. It would not be out of context to take note of the fact that UN World Economic Survey for 1983 indicates that for the first time since the second world war it was in 1982 that the output growth in both the developed and developing countries in the average was negative. In 1982-83, we believe that the rate of inflation in the country will be contained within 12 per cent. It may be noted at the same time that for the developing countries as a whole the inflation rate for the year averages 27 per cent. You are also aware that in recent times a number of developing countries has been facing severe debt crisis. Fortunately although we are one of the poorest countries of the world we have been successful in averting such a crisis because of prudent economic management and sacrifice of our people.

5. The world is still passing through a recession although slow changes are noticeable. The process of the desired change is thorny and uncertain; and its impact on Bangladesh and such other developing countries is likely to be still slower and unstable. In an inter-dependent world unless the development process of the Third World is integrally linked with the recovery process of the developed world, this uncertainty and this sloth will continue. Recognising this situation, we must intensify our efforts and critically evaluate our activities.

6. This year our export receipts increased somewhat although compared with 1980-81 it is still 8.5% less. But our import level has been far below the target. The uptake in the economy proceeded very slowly. At the beginning of the year austerity drive was at its climax. Price changes related to the cost of production and depreciation of currency constricted the demand for goods. It took time to accelerate development activities. Even though credit squeeze was abandoned early in the year its impact could not be felt for almost half the year.

7. Only towards the end of 1982 and particularly after Aman harvesting the economic environment resituated an upward movement. But this received a temporary set-back on account of political instability. On the other hand, the change of ownership of industrial installations created a temporary adverse impact on production. Investment targets failed to reach the desired levels. It is likely that the total expenditure for the Annual Development Programme will be around Tk. 2900 crore. In the private sector investment will not be higher than Tk. 1100 crore. For investments it is necessary to take important decisions. As it is very important to set up a project unit, it is equally important to execute construction contracts or award purchase orders on the basis of tender evaluation. In such matters in addition to lack of efficiency there is usual hesitance in taking decisions. It is needless to remind that it was delay in decision making that compelled us this year to undertake a

package of severe measures to reduce subsidy and prevent losses in public sector production and distribution processes.

8. The upward trend in the economy this year has essentially been maintained by the rural and the agricultural sector. We could not achieve our target in food production but yet the production level of 151 lac tons is the highest in our history. Comparatively the modern sectors lagged behind--the growth rate in industry will be only 0.9 per cent and construction activities, in fact, declined. Revenue raising remained somewhat below target but yet it will be 5.5 per cent higher than that of last year. We have not been successful in two areas in particular. Even though project assistance disbursement has not been so bad, disbursement of commodity aid slowed down unexpectedly. This happened because of recession in import trade. On the other hand the basic change that was brought about in land tax system could not be adequately implemented. Some misunderstanding and procedural complexities impeded sufficient collection of land revenue.

9. The greatest achievement in this year has been the progress made in the area of socio-economic stability. It has been possible to contain price inflation, to bring about discipline in the national budget, to reduce and generally eliminate subsidy to and loss of public sector industrial and commercial activities and on the whole achieve stable conditions in the economy.

10. Even though food production was high, for various reasons domestic food procurement did not match our expectation. As a result large quantity of food, under both aid programme and commercial purchase, had to be imported. Open market sales and expanded Food for Works Programme were successful in stabilising food prices. At the beginning of 1983-84, including some delayed shipments of grains now on high seas, the stocks in Government godowns will be 8 lac tons.

11. I shall now lay before you a few facts about important changes in the economic scene.

*Achievement of some measures of balance of payment adjustment and reduction in trade gap have enabled us to accumulate foreign exchange reserve at the end of the year in an amount of Tk. 780 crore (about \$300 million). It may be borne in mind that we commenced the year with a reserve of Tk. 240 crore (about \$110 million).

*Some improvement in export trade was part of the reason for a comfortable balance of payment position. This year's export receipt will be Tk. 1600 crore (about \$670 million) as against Tk. 1255 crore (about \$620 million) in the previous year.

*But the most important reason for improvement in foreign exchange reserve is an unusual growth in remittances from abroad. At the end of the year receipts from remittances will be Tk. 1500 crore (about \$600 million) as against Tk. 850 crore (about \$425 million) in the previous year. It may be mentioned that in order to facilitate remittances Government has already taken a number of steps through banks and post offices. In order to review the situation on a continuing basis Government has also constituted a Consultative Committee

on Remittances and Problems of Wage-earners. The subject of manpower export is receiving much greater attention in the Government and policies and procedures are being simplified and made more efficient and responsive to changes.

*In pursuance of the declared policy of the Government 28 jute mills and 26 cotton textile mills have been resold to their original owners. Besides, a large number of industrial and commercial enterprises has been transferred to the private sector.

*Far-reaching administrative and financial restructuring of BSB and BSRS has been undertaken to contribute to the improvement in investment climate. In addition to IPDC a new investment company in partnership with Saudi Arabia is soon being floated.

*To remove some of the difficulties of investors and encourage them in the production process the Government has introduced a new system to simplify repayment of foreign exchange loans and reduce the liability on account of exchange rate fluctuation. This will, in future, insulate investors from unusual swings in the exchange rate.

*The Government has also taken a few steps to activate the Stock Exchange. A series of measures for restructuring the Stock Exchange and making it effective will soon be taken.

*A new system has been put in place to take care of debt servicing liability of public corporations and enterprises. As a result of the new measures the debt servicing liability of many organisations will be reduced and funds allocated in the Annual Development Programme can be fully utilised on project works. Above all, various agencies will be enabled to convert the completed projects into productive and profitable units.

*In the management of banking sector a number of new measures have been taken. Six private sector banks have been permitted to undertake operations. Two nationalised commercial banks--Uttara and Pubali--have already been converted into companies. Its original owners from Bangladesh will be given the opportunity to subscribe to the capital of the new companies to the extent of their shares in the original banks.

*With limited liquidity expansion sufficient bank credit has been offered to assist the production process. The lending procedures, particularly for agriculture and export sectors, have been simplified and loans to these sectors have been expanded. The likely disbursement of agricultural credit this year will exceed Tk. 600 crore.

*In order to stabilize exchange rates a new system has been introduced. It may be mentioned that Taka-Dollar exchange rate fixed about six months, back by Bangladesh Bank has remained fairly stable.

*Government has decided to establish a new financing institution, Grameen Bank Limited, in order to assist poor people without land and other assets in undertaking productive efforts.

12. It deserves to be recognised that in 1982-83 in addition to short term measures for sound economic management some other steps have been taken which are of medium term connotation. In particular the Second Five Year Plan has been revised. Its size has been reduced, its programmes have been made pragmatic and consistency has been sought between possible resource raising and implementation capability. The Plan gives priority to four sectors namely Agriculture, Population Control, Energy Resources Development and Education. The thrust of public sector activities is rural development. The basic aim of the revised Plan is to concentrate on immediate production and reduction of balance of payment gap. In another respect also the Plan marks a great change and that is the weight of private sector in the economy. The allocation for the private sector has been indicated at a much higher level, it has gone up from 21 per cent to 35 per cent of the total size of the Plan.

13. An epoch-marking development has been administrative decentralisation and devolution of governmental functions in an attempt to make village oriented development efforts. It is a national pledge to take administration to the door-step of people and decentralise administrative powers. In order to achieve these objectives Thana has been identified as the centre of gravity. Administrative powers relating to activities concerning people's welfare are not only being decentralised to the thanas but these are being transferred also to Thana Parishads. It has been decided that all development works and regulatory functions dealing with masses of people will be the responsibility of Thana administration. For this purpose the infrastructure and the administration in the Thanas are being strengthened. An elaborate Thana upgradation programme has been undertaken. During calendar year 1983 all rural thanas will be upgraded, already 212 thanas have been upgraded. For the development of thana infrastructure a sum of Tk. 130 crore this year and another sum of Tk. 172 crore next year will be expended. Funds will be used to build offices, residential accommodation, hospitals and dispensaries, road links, water supply system, tele-communications and the like. The new hub of life that is visible in the Thana will be carried forward in the coming year. In next year's budget in addition to an allocation of Tk. 166 crore for Thana development works, there is an allocation of another Tk. 202 crore for Food for Works Programme and various other works programme to be executed at Thana level. In the development budget as a whole the rural sector will be claiming about half of the total allocation.

14. Immediately after the assumption of office this Government took up the task of restructuring the administration. A Martial Law Committee was set up for this purpose. According to the recommendations of the Committee the higher administrative structure of the Government has been reorganised. This reorganisation has resulted in reduction of 29 Ministries into 19 and 48 Divisions into 45. Besides, the structure and working conditions in various subordinate offices, attached departments, directorates, corporations and commissions have also been improved and it is likely that their total number will be substantially curtailed. These reforms have not only improved efficiency but also reduced administrative expenditure. In the Secretariat alone the number of employees have come down from 9273 to 6759. This will make a saving of about Tk. 5 crore per year on salary and allowances. The surplus of 2514

employees are being absorbed in Thana administration and other offices. The report of another Martial Law Committee on reorganisation of public corporations is still under examination.

15. A number of new administrative measures have been taken to improve the implementation of the Annual Development Programme. This year all projects were classified in order of priority and core projects were given special treatment in project processing and allocation of funds. One of the results of this classification has been substantial reduction in the number of unapproved projects in the ADP. In the ADP of 1983-84 the total number of projects has been reduced to 927 from the already reduced level of 1178 this year. Two other reforms deserve special mention and these are the arrangement for payment of customs duty and sales tax on imported project goods and the new procedure for technical assistance programming. But the most important step relates to fund release procedure and delegation of financial authority to project offices. For core and approved projects, authority for release of funds according to ADP provisions, is entirely at the disposal of the administrative ministry for the first three quarters of the year. I have already talked about simplification in the payment of debt servicing liability.

16. The control and accounting of Government expenditure presently is a victim of centralisation and mismanagement. The organisation that spends generally is not responsible for maintaining the accounts. Its authority in expenditure control is also somewhat limited. Maintenance of accounts and the audit functions are now with one self same agency. The end product of this system is procrastination in settlement of claims, delay in accounting, impossibility of identifying failings, unwillingness to prepare realistic budgets and irresponsibility in incurring expenditure. In order to change this system altogether a revolutionary reform has been undertaken. The purpose of this reform is manifold. First, individual ministries and divisions will maintain their own accounts. Second, individual ministries will prepare their budgets with great attention because it will be well-nigh impossible to spend outside the budget. Third, the job of accounts will be completely separated from that of auditing. Fourth, individual ministries and divisions will control their expenditure as per budget. Under this new system the Ministry of Defence has already taken over their accounting function. At the beginning of the next year the Ministries of Education and Agriculture will undertake these responsibilities. By the beginning of 1984 many other Ministries and Divisions will take over their accounting function. These Ministries and Divisions are Ministry of Public Works, Roads and Highways Division, Internal Resources Division, Postal Department, Ministry of Food and Land Administration Division. The departmentalisation of accounts will largely expand the responsibilities of the Ministries and Divisions. This will be to the great advantage and improvement of administration as a whole. But not only is the account keeping responsibility being decentralised, simultaneously in order to make these responsibilities meaningful virtually full powers for expenditure control is being transferred to the Ministries and Divisions also. In order to facilitate this work and also to provide for computerisation in the future the accounting heads, i.e., categories of receipts and expenditures of the Government have been rearranged. The key to success of the new arrangement lies in the awareness of responsibility. For this purpose a limited beginning has been made to ensure accountability. We have established a Public Accounts Committee to

review and examine the various audit reports already produced by the Comptroller and Auditor General. The Committee with representation from Government and the private sector will start functioning very soon under the chairmanship of the Minister for Law and Land Reforms.

17. The economy of Bangladesh is essentially agricultural. Agricultural Census is certainly a very important element in planning. Bangladesh Statistical Bureau has already started action on the Second Agricultural Census. During 1983 and 1984 the census will be completed. This census will help compilation of information on diverse facts of agriculture such as land distribution and land use, inputs for production, census of cattle wealth and poultry and the like. This census will be helpful in rural development efforts based on modern and multi-sectoral agricultural development projects. Recently Statistical Bureau has taken steps to collect information for each thana and each Mouza. This basic statistical compilation, no doubt, will play an important role in the preparation and implementation of local level plans and projects in the upgraded Thanas.

18. While presenting the budget of this year I had announced Government decision for granting Dearness Allowance to Government servants. I would like to state that this facility later on was extended to teachers of private schools. Very recently the previously granted 10 per cent compensatory allowance to industrial labour has been increased and converted into a total of 30 per cent dearness allowance.

19. Government has greatly modified lending operations for house building with a view to increasing construction particularly in the upgraded Thanas. The size of the loan that can be offered by the House Building Finance Corporation has been largely enhanced and along with that a number of other facilities has been provided, such as, concessional interest rate, extended repayment period and reduced registration fees.

20. Our cooperation with our development partners who help us with grants and loans has greatly deepened and expanded during this year. Pledges made for the coming year and the agreements signed during the year bear testimony to it. Though the pledge in the Aid Group meeting in Paris in April 1982 was estimated at \$1700 million, in actual fact the commitment during the year has been \$1928 million. The main objective of our foreign policy is to play a meaningful role in establishing understanding and unity at the U.N., in the Non-Align Conference, in the Islamic Community and in the Commonwealth of nations. We are also committed to equity and justice in international economic relations. This year as Chairman of Group-77 in New York we have tried to play a useful role. In order to put across the legitimate demands of the developing countries and in particular to reflect the feelings and concerns of the least developed countries, the Head of our Government attended the Non-Aligned Summit and UNCTAD-VI. He put across our views forcefully in these fora and sought understanding and action by the international community. Towards the end of 1983 we shall be hosting the fourteenth meeting of Foreign Ministers of OIC and we are marking preparations for the same.

1982-83 Revised Budget

21. In the original budget estimate revenue receipt was Tk. 2269 crore. Because of changes under various heads, this receipt in the revised budget will stand reduced by Tk. 109 crore. The major heads under which reduction will take place are excise duty Tk. 33 crore, sales tax Tk. 62 crore and land revenue Tk. 51 crore. Because of lower levels of domestic production and import and also because of certain reduction and concession in excise duty and sales tax, collection from these two sources will be reduced. Even though import level was lower than target, due to change in exchange rate and reforms in customs duty revenue from import duty will increase to a limited extent. Because of some misunderstanding with respect to Government instructions, collection of land development tax was greatly hampered. In the revised budget the receipt of non-tax revenue will increase by Tk. 52 crore. The earnings of Railway, import license fees, passport fees and contribution from nationalised banks, particularly from Bangladesh Bank, will increase to a considerable extent. As a result the total revenue receipt in the revised budget will be less than the estimate by Tk. 57 crore only.

22. In the original budget revenue expenditure was estimated at Tk. 2038 crore including Tk. 200 crore set apart for unexpected expenditure. In the revised budget revenue expenditure is estimated at Tk. 2147 crore indicating an increase of Tk. 109 crore. The reasons for increase in expenditure are: expenditure on account of upgraded Thana administration, additional allocation for education and health, expenditure on prison reforms, establishment of Divisional High Court benches, increase in expenditure in the Railways on account of additional fuel bill, increase in foreign debt servicing due to currency depreciation and increase in the expenditure on foreign missions. In the document entitled "Supplementary Budget" the details of increase in expenditure are given. The short-fall of Tk. 57 crore in the revenue receipt and increase in revenue expenditure of Tk. 109 crore will reduce the originally estimated surplus on revenue account of Tk. 730 crore to Tk. 564 crore in the revised budget.

23. Food budget is an important part of the revenue budget. Because of shortfall in domestic production and domestic procurement the revised food budget has greatly changed from the original food budget. On the one hand domestic procurement has been substantially lower. And on the other hand off-take of foodgrains from Government stock has been substantially larger. Mainly because of these changes the originally estimated deficit of Tk. 188 crore has turned into a surplus of Tk. 100 crore in the revised food budget. This has greatly helped financing of the revised Annual Development Programme.

24. Exclusive of food budget and foreign assistance the non-development capital budget indicates a deficit of Tk. 135 crore in the revised budget as against the deficit of Tk. 72 crore in the original budget. This is mainly accounted for by the increase in external debt servicing liability to the extent of an additional amount of Tk. 97 crore.

25. There has been an increase in the receipt of foreign grants and loans including PL-480 programme under US Aid. The revised estimate stands at Tk. 3040 crore marking an increase of Tk. 444 crore. There are two primary reasons for this, viz., increase in food aid and change in the exchange rate.

In the original budget for financing ADP a sum of Tk. 2105 crore was available under foreign assistance--project and commodity assistance of Tk. 2000 crore and sale proceeds of food aid of Tk. 105 crore. In the revised budget foreign loans and grants will finance Tk. 2362 crore of the Annual Development Programme.

26. In the revised budget internal resources available for ADP amount to Tk. 615 crore--revenue surplus of Tk. 564 crore, net deficit of Tk. 135 crore in the non-development capital account, net surplus of Tk. 100 crore in the food budget and Tk. 86 crore of resources outside the budget. For the ADP in the revised budget availability of resources, therefore, stands at Tk. 2977 crore--Tk. 615 crore of revenue surplus and Tk. 2362 crore of foreign loans and grants. Providing for an element of over programming and aware of possible shortfall, the National Economic Council approved an ADP of Tk. 3126 crore. The implementation shortfall is estimated at Tk. 149 crore. It may be stated that currency depreciation should have provided us with a larger amount of counterpart fund on account of commodity assistance. But because of recession in import trade this expectation has not materialised. If implementation shortfall is less than Tk. 149 crore there may be an element of deficit financing. On the whole, however, credit expansion for the public sector, covering both government and public corporations, will be well within the planned credit programme.

1983-84 Budget Perspective

27. Now I would like to speak about 1983-84 budget. At the very outset I should inform you that Railway Board is now like a Division of the Government and there are a number of such organizations which function under government with government funds and financial autonomy. Under the changed circumstances no separate Railway budget is being presented this year.

28. Before presenting the budget for the coming year it will be appropriate to state that I sincerely believe that in every respect there is a propitious environment for economic resurgence. The basis for this favourable climate is economic stability and financial discipline that we have achieved through hard work and austerity. Under no circumstances this advantageous situation should be allowed to deteriorate. On the other hand we must also be cognisant of the unfavourable elements that can be discerned in the beginning of 1983-84.

29. I would now like to dwell on the notable features of the favourable environment:

(a) Stability in the balance of payment account and increase in foreign exchange reserves. The primary reason for this development is increase in remittances which has been greatly helped by competitive exchange rate. For the last few months, after a long time, we are experiencing some improvement in the terms of trade.

(b) The decline in the prices of petroleum, food and other items of international trade has given us some advantage in foreign exchange expenditure.

Commissioning of the East West electrical inter-connector in the recent past will be saving nearly \$25 million a year in petroleum import. Once gas connection is through to Chittagong the demand for petroleum will further decrease.

(c) The newly established tax free export processing zone in Chittagong undoubtedly will contribute to investment and export growth.

(d) Generally recovery in the developed countries is slowly moving forward and this will influence export growth. The various measures adopted for export promotion are also likely to bear fruit.

(e) At the beginning of the year food stock will be about 30 per cent higher than that of the last year. This will enable us to exercise influence on market price of foodgrains and consequently keep the price situation in general under control.

(f) The possibility of receipt of foreign grants and loans has greatly improved. Both pledges and aid pipeline are comfortable. In particular commitment as well as disbursement of commodity aid are likely to be at substantially higher levels.

(g) The discipline that has been obtained in investment pattern and implementation of the ADP should yield rich dividends in the coming year.

(h) Government has taken various steps to improve the investment climate in general. I have already spoken about the Development Financing Institutions.

(i) For a dynamic import policy administrative controls will apply only in limited areas in the coming year. According to current estimates there is sufficient financing for an enlarged import programme.

(j) I am confident that expansion of banking in the private sector will contribute to promoting trade and industry. It may be mentioned that in 1982-83 for the first time credit expansion in the private sector exceeded that in the public sector. Government policy for promoting and improving banking services will give further fillip to this development. I believe that the saving effort in the private sector will be substantially expanded.

(k) The financial position of public sector commercial and industrial institutions is at its all time best. It can be cited that BPC is reducing its accumulated losses and PDB is in a position to spare funds for development expenditure.

30. In sum, discipline, stability and the investment-reoriented environment that prevail in the economy bid well for better utilization of resources and an all round expansion. But I must take the opportunity to discuss the possible adverse elements as well.

(a) Although inflation will be contained within 12 per cent this year, there has been excess liquidity primarily because of accumulation of reserves due

to low import level. It will be obligatory, therefore, to coordinate carefully credit policy, liquidity supply, import and export programmes throughout 1983-84.

(b) It is feared that jute production will be much below target and this will have an adverse effect on export earnings.

(c) The supply shortage and inventory depletion that have taken place on account of decline in non-food import in 1982-83 by about 17 percent must be compensated for by a forward-looking and an active import programme. Any failing in this area will reduce disbursement of foreign aid and adversely affect revenue collection.

(d) There has been considerable shortfall in the development programmes for population control and energy sectors during 1982-83. Unless performance in these two sectors improve in terms of both incremental investment and implementation efficiency there will be adverse effect on both balance of payment and per capita income growth.

(e) Even though the balance of payment picture in 1982-83 shows a surplus situation, in actual fact, the position remains very delicate for many years to come. The fact of the matter is that our import is far in excess of our export. And we have no reasons to be complacent about the balance of payment position.

(f) It will be pertinent to mention here that our debt servicing liability is continuously growing. In the next 2/3 years this will rise very substantially and only towards the end of the decade there may be some relief.

(g) Although I have talked about signs of recovery, this is still very uncertain. Particularly it is difficult to predict if aid flow will increase or if benefits of trade growth will accrue to developing countries. I cannot but mention that it is very unfortunate that Williamsburgh Summit did not make any reference to assistance to the Least Developed Countries. IDA VII Replenishment or funding of the UNDP, which are of great importance to us, are still very uncertain.

31. In preparing the budget for 1983-84 we have taken note of both these plus and minus factors. Under the circumstances I do not see any scope for abandoning or even modifying the basic measures adopted in last year's budget. The package consists of accelerated domestic resource mobilisation, reduction in subsidy bill, increase in export earnings, higher efficiency in utilization of resources and production processes, avoidance of losses in public sector business and industrial enterprises and above all determination of an investment programme in keeping with resource availability and its implementation with efficiency and economy.

32. In preparing the 1983-84 Annual Development Programme and estimating other investment possibilities we have proceeded very carefully in the light of resource assessment. For this year the highest priority has been attached to increase in investment rate, expansion of economic activities and

achievement of higher output growth. As before, agriculture, population control, development of energy resources and expansion and improvement of education have been identified as the priority sectors. The investment programme has been so drawn up as to promote savings in future, create employment opportunities in rural areas and secure maximum gains for the balance of payment equilibrium.

33. Last year I specifically drew the attention of the nation to the subject of fixation of prices and rates for publicly produced or publicly supplied goods and services. I have had an opportunity to review in the meantime some of the beneficial results of the bold policy adopted by the Government last year in this respect. It is worth noting that despite a large number of price adjustments the inflation rate for the year as a whole has been contained within 11/12 per cent. Government did not have deficit budget. Public corporations and enterprises did not increase the burden of bank credit. Instead Government could raise more resources and expand facilities from banks. The combined effect of this has been a turn-around in the economy. Following this policy we have restructured the capital of many of the public enterprises and corporations so that they can operate as viable commercial institutions. During the year more than Tk. 500 crore has been converted into equity of a number of public corporations and enterprises. This has been done by conversion of loan in some cases and infusion of cash in other cases. Except for a few specified items Government control on price fixation has been withdrawn altogether. In return we expect that enterprises before revising their prices will give a hard look at their production process and efficiency levels. I would like to reiterate that producers of goods and services, whether they belong to public or to the private sector, must clearly come out with their price lists and announce it for public consumption. The key to avoidance of loss or increase in profitability is improvement in efficiency. In the budget of the coming year we have not considered the possibility of increasing subsidy, instead we have thought of ways of raising more resources. We look at the year as the year of consolidation. The Chief Martial Law Administrator has already announced 1983-84 as a year of Implementation Improvement. It is, therefore, that we cannot relax or loosen the reins. The path before us is not only fraught with danger but also very long, indeed. Our development efforts for at least the next two ages is going to be arduous indeed.

34. Fixation of prices has not been either a complex or an elaborate exercise for the next year. I would like to share with you a few decisions taken in this regard:

(a) Natural gas: It is one of the most valuable resources of the nation and its expanded use is beneficial for all. Those who use gas as a fuel now in the country are, indeed, fortunate; because those who depend on alternative fuel pay heavily, more by about 10 times. We have decided to raise some additional resources from natural gas. A total of Tk. 16 crore will be raised from increase in gas price (13.8%). Tk. 11.15 crore will accrue as excise duty to the Government exchequer. The rest will be distributed between various gas companies. The price of gas per 100 cft will increase at the following rates:

For power and fertilizer.....from Tk. 10.50 to Tk. 11.50
 For industries and commerce..from Tk. 31.00 to Tk. 36.00
 For domestic use.....from Tk. 27.00 to Tk. 34.00
 One burner.....from Tk. 35.00 to Tk. 45.00
 Two burners.....from Tk. 65.00 to Tk. 80.00

(b) Power tariff: It was announced last year that power tariff would be increased by an weighted average of 40 per cent. But in actual fact the increase was less than 34 per cent. Some minor rationalization has resulted in a weighted average increase of 3.2 per cent on power tariff with effect from tomorrow. Besides, an increase in electricity duty after almost 10 years will result in another weighted average increase of 2.93 per cent.

(c) Irrigation equipment: Presently there is subsidy only on sinking of deep tubewell and hiring of deep tubewell and power pumps. The rate of subsidy is in the past will undergo gradual reduction, BADC has a large stock of power pumps. They will try to sell them in auction keeping in mind a reserve price which will equal the actual cost of equipment. Shallow tubewells are already sold without any subsidy and the practice will continue.

(d) Water rate: Water Development Board supplies irrigation water in certain areas. In other areas water users are required to buy or hire irrigation equipment. In the project areas of Water Development Board users get water virtually without any cost. In order to put an end to this inequitable system and also to provide for recovery of maintenance and operation costs a new water rate law is being promulgated. Under this law from October next water rate will be collected. In the first year we expect from this source revenues of Tk. 8 crore.

(e) Telephone rates: Telephones are used by well-to-do people. Telephone service is provided at huge cost, but paucity of resources stand in the way of meeting the demand for telephone service. Per call rate of telephone will be increased from 75 paisa to Tk. 1.00 giving an yield of Tk. 12 crore. In addition to this, excise duty on foreign telexes and trunk calls will yield a revenue of Tk. 3 crore.

(f) Foodgrains: For the coming Aman season, the procurement price of paddy will be increased from Tk. 135.00 per maund to Tk. 144.00 per maund. The price of rice will go up from Tk. 210.00 to Tk. 225.00. The price of wheat will also be raised in pace with paddy rice. With the beginning of Aman harvest issue price of foodgrains will have to be proportionately increased also to ensure a net reduction of per unit subsidy.

(g) Fertilizer: It has been decided not to increase fertilizer price this year. BCIC and BADC are expected to improve their efficiency and reduce their costs in order that subsidy per unit is contained. For distributing 10.5 lakh tons of fertilizer next year, the total subsidy bill is estimated at Tk. 100 crore.

(h) Railways: Last year only freight rates were increased and the cumulative loss during the year is Tk. 10.12 crore. Without any adjustment the

loss of railway next year has been estimated at Tk. 2.25 crore. This loss will be met by increasing passenger fares--for air conditioned and first class seats by 25 per cent and 2nd class seats by 20 per cent.

Various Service Fees: The services that the Government provide are not enough and they cannot be provided at all places. Even where they are provided it is not within the reach of ordinary people. It is logical, therefore, to impose service charge in order to expand service coverage. The Health Ministry will collect some service charge next year of about Tk. 15 lakh. The Postal Department will also collect Tk. 75 lakh by adjusting some of its rates. These are only symbolic imposition or increase of service charge. But the principle behind this decision is very sound and rational. For the Postal Department the subsidy this year will be Tk. 11.21 crore and we believe that some subsidy is indicated for this service. Our expenditure on education and health is a very small proportion of our national income and it must be increased. But here also there must be service fees or rationalization of existing fee structure. Collection of additional fees makes it possible to provide the service to more people.

35. Before giving an account of revenue receipts and expenditure I would like to draw your attention to another point. In our total budget the importance of foreign assistance is great. We depend very heavily on foreign loans and grants. Our growth rate, production process, revenue collection and output increase are dependent on foreign assistance-based import activity. For the coming year import expenditure is estimated at Tk. 6500 crore or \$2600 million. Tk. 1750 crore or \$700 million of export earnings will finance it only in a small way. Presently wage earners remittances have almost equalled our total export earnings. In the coming year it is likely to be Tk. 1625 crore or \$650 million. Besides paying for our import we have also other foreign exchange expenditures, such as, debt service liability, payment on invisible account, payment on IMF account. We estimate that next year we shall disburse Tk. 3675 crore or \$1470 million from external loans and grants. It is noteworthy that in the coming year composition of imports will change. This year non-food import accounted for Tk. 4540 crore or \$1900 million. In the next year such imports will be worth Tk. 5800 crore or \$2325 million. This dependence on imports can be reduced through higher and better investment and higher level of efficiency. We believe that it will take time to bring about export import balance. But if this time is not spent on sound investment there is no escape for the nation.

Budget Estimate of 1983-84

36. On the basis of existing taxes and rates in the expectation of an import growth, the venue receipt for the next year is estimated at Tk. 334.61 crore. Various taxes will yield Tk. 2778 crore and non-tax revenue will be Tk. 566.61 crore. The main revenue increase will depend on growth of import, and it will be reflected in the collection of customs duty, sales tax and excise duties. The procedural difficulties with land development tax have largely been taken care of. It is estimated that this source will yield Tk. 60 crore. The revenue estimate also reflects the improvement in the financial position of various public sector commercial and business organisations. But a number of

such organisations will retain their surplus to meet past losses or to reduce bank debt or to undertake development or replacement works of their own. To that extent Government revenue will not increase.

37. The new measures for revenue raising which were adopted last year have been more dynamic than usual, and their effects have been taken into consideration in the estimate stated above. Outside of this only a few limited measures are envisaged this year to raise additional resources. It is expected that a total of Tk. 52.15 crore can be realised through these measures. These new measures are (1) excise duty on gas yielding Tk. 11.15 crore, (2) various excise duties, Tk. 8.85 crore; (3) Turnover tax, Tk. 5 crore, (4) Electricity duty, Tk. 4 crore, (5) Water rate, Tk. 8 crore, (6) Telephone charges, Tk. 12 crore, (7) Postal Department, Tk. 75 lacs, (8) Health sector, Tk. 15 lacs, and (9) Railway, Tk. 2.25 crore. The restructuring of customs duty will yield an additional revenue of Tk. 20 crore but this has been taken into account in the statement on existing taxes. The various gas companies will realise an additional Tk. 4 crore and utilise it themselves. T&T Board will also use about Tk. 15 crore in replacement works.

38. The total revenue expenditure for the next year has been estimated at Tk. 2413.54 crore. The allocation for unexpected expenditure is Tk. 197 crores. Already a good number of specific commitments have been made against this allocation. These specific allocations are for transfer to the revenue budget of completed projects, additional requirement for increased housing allowance for Government servants, contribution to Saudi-Bangladesh Investment Company, additional allowances to private school teachers, increase in the salaries of Chowkidars and Dafadars. Trust Funds for minority communities and the like. As a result, the allocation for unexpected expenditure will really be Tk. 70 crore.

39. Compared with revised estimate of 1982-83 there will be a few noticeable changes in next year's revenue budget. I would like to discuss them briefly. The most important sector is education. The original budget of 1982-83 provided an allocation of Tk. 232 crore which has been raised to Tk. 294 crore in the revised budget. In 1983-84 this has been further raised to Tk. 318.42 crore, and in addition another about Tk. 11 crore has already been allocated from the block provision for unexpected expenditure. In the Health sector similarly as against original allocation for 1982-83 of Tk. 87 crore, the revised estimate is for Tk. 102 crore and estimates for teachers of non-governmental institutions and increase in benefits of other employees have contributed to a substantial increase in the education sector. Increase in allocation for medicines and surgery and strengthening of medical services in the upgraded thanas have accounted for increase in allocation for the health sector. Bangladesh Agricultural Research Council has been provided with additional grant for agricultural research. Creation of additional posts in the upgraded thanas has largely increased allocation on salary and allowances as well as contingencies for government offices. In Railway sector expenditure has increased primarily because of the increased fuel bill. The allocation for cash subsidy for food distribution is somewhat lower for two reasons. It is expected that off-take from government stocks next year will be less and refixation of ration prices will reduce subsidy bill. On the other hand an

allocation of Tk. 40 crore as subsidy has been made in favour of Bangladesh Petroleum Corporation to enable it to wipe out its losses through a gradual process. At the beginning of the current financial year this corporation had a cumulative loss of Tk. 352 crore. The profits of the corporation as well as government assistance to it will bring down the loss at the end of next year to Tk. 280 crore. The net surplus in revenue account will be Tk. 931.07 crore.

40. In the domestic loans, advances and capital account budget deficit has been increasing every year. In the original budget for 1982-83 this amount was Tk. 72 crore but in the revised estimate the deficit has gone up to Tk. 135 crore. In the budget of the next year this deficit will rise to Tk. 166 crore. The main reasons for this deficit are repayment of foreign loan, equity contribution to various public sector organisations and payment against increased IMF quota.

41. Foreign grants and loans in the revised budget of 1982-83 amount to Tk. 2892 crore. Out of this, resource available for the Annual Development Programme is Tk. 2214.02 crore distributed as follows: food aid Tk. 644 crore, development projects outside the ADP Tk. 33.96 crore and the rest project and commodity assistance. In 1983-84 the total of foreign loans and grants will increase to Tk. 3415 crore or about 18 per cent. The share of project assistance will be Tk. 1523 crore, of commodity assistance Tk. 1116 crore, of food aid Tk. 616 crore and that of development projects outside ADP Tk. 160 crore. In the ADP there will be (Tk. 1523 crore + Tk. 1116 crore) Tk. 2639 crore of project and commodity assistance and an additional Tk. 177 crore out of sale proceeds of PL-480 Title II and III food aid.

42. Next to foreign assistance it is the food budget which has the most influence on our total budget. The revenue budget is greatly influenced by factors like production of foodgrains, domestic food procurement, import of foodgrains from abroad and off-take of foodgrains from Government stocks. If there is sudden and unexpected change in any of these elements, it is immediately reflected in the estimates of the revenue budget. It may be mentioned that in 1982-83 in the original food budget a deficit Tk. 188 crore was estimated, out of this Tk. 133 crore was to be met from Government revenue account and Tk. 85 crore was to be obtained from the banking system. In actual fact because of limited domestic procurement and increase in imports, financed by foreign assistance and our own resources, as well as because of unexpected increase in off-take from Government stocks, in the revised budget there will instead be a surplus of Tk. 100 crore. Two determining figures for 1983-84 budget are: 161 lac tons of foodgrains production and 7 lac tons of domestic food procurement. Leaving aside the 2 lac tons of foodgrains whose shipment is likely to be carried over from this year, import target for 1983-84 is 14 lac tons. Including distribution of 4 lac tons for Food for Works Programme the total off-take of food-grains in the coming year is estimated at 17 lac tons. This will result in a year-end stock of about 11 lac tons. The food budget has been prepared on the basis of this estimate and it shows a cash deficit of Tk. 329 crore in addition to subsidy from revenue budget on food distribution of Tk. 129 crore. Of this deficit Tk. 193 crore will be met from revenue budget and Tk. 136 crore, which will be spent essentially on food procurement and increase in stocks, will be met from the banking system.

This is a new system for financing food budget. The intention is to commercialise food accounting and transfer food purchases and sales programme to the normal banking system. This will have the effect of gradually insulating the revenue budget from the effects of food production, food supply and food distribution. As we are moving towards self-sufficiency in foodgrains production the basis of present rationing system is, indeed, wearing out. Once rationing is discontinued revenue budget will only take care of the cost of maintaining stocks while purchase and sales of foodgrains by the public sector will be financed by bank loans.

43. The food budget is its totality, taking into account foreign aid and all receipts and expenditure, showing a net expenditure of Tk. 945 crore. The financing of this expenditure will be as follows:

	<u>Tk.</u>
Foreign Assistance	616 crore
Allocation from Revenue budget	193 crore
Bank loan	<u>136 crore</u>
Total	945 crore

44. The size of the Food for Works Programme will be further expanded in the next year. In the revised budget foodgrains worth Tk. 148 crore are being spent on this programme. In the next year Tk. 159 crore is being provided for this programme.

Annual Development Programme, 1983-84

45. The National Economic Council approved an Annual Development Programme for 1983-84 for Tk. 3483.86 crore. Financing of development expenditure has been estimated as follows:

	<u>(Taka in crore)</u>
Financing:	
Surplus of non-development budget on the basis of existing taxes:	
Revenue surplus on the basis of existing taxes	931.07
Net receipt of internal capital excluding food budget	(-) 166.00
Governmental resources for financing food budget	<u>(-) 193.00</u>
	<u>572.07</u>

Extra budgetary availability of resource and finance:

Own resources of certain organisations	16.26
Debenture issues by certain organisations	<u>28.00</u>
	44.26
Receipt from new revenue measures	<u>52.15</u>
Total internal resources	668.48
Net receipt of resources from foreign aid	2815.56*
Availability of total resource for development expenditure	3484.04
Annual Development Programme	3483.86
Overall surplus	(+) 0.18
*Project Aid	1522.56
Non-Project Aid	1116.00
P.L. 480 Title 2 & 3	<u>177.00</u>
	<u>2815.56</u>

46. Although the size of the ADP is Tk. 3483.86 crore, there are some other development expenditures in both public and private sectors which are outside of the ADP. The noteworthy expenditures are:

- (a) Food for Works Programme of Tk. 159 crore;
- (b) Development programme in agricultural sector under the execution of Bangladesh Bank and Bangladesh Krishi Bank of Tk. 160 crore (\$65 million);
- (c) The investment programme of Bangladesh Shilpa Bank, Bangladesh Shilpa Rin Sangstha and other financial institutions involving project, aid disbursement of Tk. 140 crore (\$55 million).

47. You may have already heard a great deal about the ADP. A special feature of this year's programme is the investment strategy under which development funds have been allocated for thana development activities. For utilization of these allocations guidelines have been issued devolving the entire planning and implementation responsibilities to the Thana Parishad. Like last year the priority projects have been selected. Out of a total of 927 projects 435 have been included in the core programme, involving an allocation of Tk. 2529.77 crore or 72.61 per cent of the total programme.

48. The ADP for 1983-84 has been prepared with great caution after elaborate review and examination. The allocation for sectors and projects has been decided on the basis of a realistic assessment of resource availability and a proper evaluation of implementation experience. The elements which have drawn

special attention in allocative decisions are (1) Importance of core projects, (2) Immediate and direct production capability of projects, (3) Reduction in the number of projects, (4) Importance of project completion, (5) Impact of projects on balance of payment, (6) Availability of foreign assistance for projects, (7) Opportunity for planning and implementation at Thana level. According to preliminary estimates the share of directly productive investment will be 52 per cent and that of rural development will be 49 per cent. In this programme Agriculture, Rural Development and Water Resources development have claimed 30 per cent, Industry 11 per cent, Power and Fuel 19.5 per cent, Transportation 9 per cent, Thana infrastructure and development 9.7 per cent, Socio-Economic Infrastructure 11.2 per cent and others 9 per cent of the total allocation.

49. At the end of the year four new natural gas wells will produce 110 M cft. per day. The supply of electric power will increase by 190 MW. 12 lac acres of additional land will come under irrigation thus increasing the area under irrigation to 62.5 lac acres. The production of foodgrains is estimated at 161 lac tons, cotton production will increase to 45000 bales but jute production may come down to 48 lac bales. Foodgrains storage capacity will increase to 20.5 lac tons. Work on Polash and Chittagong Urea projects will be intensified. In road development the emphasis will be on internal link roads. Bangladesh Biman will try to acquire wide-bodied aircraft. Bangladesh Shipping Corporation will similarly try to procure a tanker and other vessels. I would like to announce with great pleasure that the expansion and beautification of Shahid Minar will be completed and work on construction of Mujibnagar Monument will begin. Besides, work on Three Leaders Monument and the National Assembly will be completed. This year work on expansion and beautification of Baitul Mokarram and National Eidgah in Dhaka were undertaken; these will be completed next year.

50. I would also like to bring to your notice a few other matters.

*Trust Fund of Tk. 5 crore is being established for Bangladesh Institute of Development Studies. The recurring expenditure of the institution hence forward will be met from the income of this Fund. It can, however, undertake additional work programme for specific projects under specific funding.

*Two other Trust Funds are being established for the minority communities-- one of Tk. 2 crore for the Hindu Community and another of Tk. 1 crore for other minorities. The income from these will assist welfare activities for these communities.

*A Deposit Pension Scheme has been introduced for persons working in private organisations as well as for self-employed people. By depositing TK. 100 per month for a period of 20 years a depositor may obtain an one time pension of Tk. 1.33 lac or continue to receive monthly pension of over Tk. 1600 for 20 more years. This scheme will be operated by all nationalised commercial banks and such deposits will enjoy exemption from income tax.

*Government servants contribute to Provident Fund and then always complain that their savings are devalued. From the next year Provident Fund contribution

will earn a compound interest rate of 14.5 per cent. This will mean that their contribution will be doubled in five years.

*Presently the housing situation for Government servants is very critical. Roughly only 10 per cent of Government servants can be provided with residential accommodation built by Government. Most of the employees depend on house rent allowance which is paid at low rates of 20 to 35 per cent of individual salary. Again except in large cities, this allowance is reduced by 5 per cent. In the public sector organisations, however, the arrangement is somewhat different. Only in limited cases some house rent allowance is given but in most other cases either house rent ceiling is provided or houses are rented. In order to rationalise this system it has been decided to increase the house rent allowance for Government servants by 10 per cent to a maximum of 45 per cent of basic salary. However, the upper limit for such allowance will be Tk. 1000 per month. The distinction between large cities and mufassil areas is being removed. Those who enjoy Government accommodation and also get house rent allowance will not get the benefit of this increase. Autonomous and other public organisations will choose between paying the house rent ceiling or allowance at Government rates. This facility will come into force on 1st October 1983. An allocation of Tk. 42 crore has been made from block allocation for unexpected expenditure.

*Sufficient allocation has been made for completion of preparation of voters' list. Funds that will be needed for election of Thana Parishad will be provided from block allocation for unexpected expenditure.

*This year the Land Reforms Committee has submitted its report to the Government. In order to bring in dynamism in the production process, a restructuring of land tenure is inevitable. In view of possible generation of employment opportunities in rural areas it has become more necessary now to fix a minimum wage for agricultural labour. Land transfer and land use practices are badly in need of some regulatory control. And these matters will be attended to in the coming year.

Money Supply and Bank Credit Programme, 1983-84

51. Up to this day annual budget presentation has been limited to estimates and analysis of Government revenue receipts and expenditure on the one hand and elaboration of Annual Development Programme in the public sector on the other. I am firmly of the view that this results in an incomplete consideration of the economy and we do not get a full picture of economic activities of the nation. It is appropriate that there should be some discussion of the trend as well as the expectation of private sector activities in the annual budget. Private sector activities are not only influenced by revenue measures for receipts and expenditure but it is influenced more by Government policy on money supply and bank credit programme.

52. As per estimates of the Second Five Year Plan the expected investment in the private sector in the coming year should be Tk. 2218 crore. But looking at the performance of the current year and realistic possibilities of the next year it is estimated that private sector investment in 1983-84 may be of the order of Tk. 1500 crore. This investment will primarily be in

agriculture, industry, construction and transportation. All these sectors are greatly dependent on bank loan and a large number of public sector institutions are involved in providing such loans. Government has drawn up an indicative schedule for medium and large scale industries. There is also such a schedule for small and cottage industries. Foreign capital investment is being welcomed with open arms. For these purposes appropriate laws are in force. Recently a duty free Export Processing Zone has also been opened in Chittagong. In the agriculture sector Government has been directly executing credit projects for improvement in agriculture, irrigation and fishery, etc. These projects, however, are outside the Annual Development Programme and are executed through financial institutions. To encourage house building, Government has taken some steps recently to facilitate the flow of credit to this sector. In the coming year project grants and loans contracted by the Government for private sector industry and agriculture will be disbursed through various financial institutions in an amount of Tk. 300 crore or \$120 million.

53. Our Annual Budget, as I have stated already, is very largely dependent on import arrivals. For an uptake in the import activity implementation of the Annual Development Programme is, no doubt, very important. Of equal importance, however, is increased investment in the private sector and buoyancy in trade transactions. For the Annual Development Programme, financing is provided in the annual budget. But for the private sector there is no such clear cut provision. Individual savings are, no doubt, important but investment is assisted essentially by institutional savings. In our country we do not have sufficient number of well organised business or industrial houses, which can make a difference in the investment scene. For institutional savings dependence on banks is very great. Bank credit programme, therefore, has a very important role in activating the economy as a whole and the private sector in particular.

54. The aim of money, supply and bank credit programme in 1982-83 has been the optimum utilisation of limited resources. While generation of employment and expansion of output were carefully pursued, simultaneously serious consideration was given to maintenance of price stability. In the background of credit squeeze of the previous year, in 1982-83 there was considerable relaxation both in qualitative and quantitative terms. Of course it took time for the new policy to be reflected in the market. During the year the Government sector always remained in surplus and this helped liberalisation of refinancing by Bangladesh Bank. In providing agricultural credit, refinance facilities have always been fairly liberal. This year liberal policy was adopted also for financing the export sector. In order to expand agricultural credit back to back refinancing arrangement was devised. Interest rate for export credit for nontraditional items was reduced to 11.5 per cent with refinancing provided at 8 per cent. Towards the end of the year additional facilities were provided for house building loans.

55. In 1982-83 bank loan will expand by Tk. 835 crores reflecting an increase of 30 per cent. The major share of this expansion is in the private sector. Whereas bank loan for the public sector will increase by only 6 per cent, for the private sector it will go up by 31 per cent. Improvement in the management and financial position of public sector organisations enabled the private

sector to avail of larger facilities from the banks. During this period liquidity expansion is likely to be 19 per cent as against 8 per cent in the previous year. The major reasons for such large expansion in liquidity are increased remittances and some improvement in export earnings. Inflation rate remained under control and it will not be more than 12 per cent. This has been controlled by several factors for example, price pressure on various goods and services during the early part of the year. Because of reduction in inflation rate, it was not necessary to change the interest rate structure. It must be remembered that in order to promote savings interest rate must be above the rate of inflation.

56. Based on the experience of this year and the development programme for the next year the monetary and credit policy for 1983-84 has been drawn up. Growth rate next year has been estimated at 6 per cent and inflation rate is expected to be between 10 and 12 per cent. On this basis liquidity expansion can go up to 17 per cent. But Bangladesh Bank has to take caution particularly in view of excessive liquidity expansion during this year. They will keep under constant review the developments in price situation. If, as expected, import growth is substantial there will be draw-down of foreign exchange reserves and there may be corresponding liquidity expansion. We have assumed for our credit programme of 1983-84 a liquidity expansion of 16 per cent.

57. We have not thought about any fundamental change in our interest rates. Interest rates must be used as an instrument for promoting savings in a capital hungry country like ours. Interest rate also is an important instrument in distributing the limited capital to rational and optimum investment opportunities. Interest rate again has an influence on inflation rate although it is also determined by the inflation rate. In the light of experiences of the current year there is no need for any change in interest rate policy. I believe that periodic review of interest rate structure is very important for timely use of this instrument. We should all take note of another development. We have undertaken measures to expand banking business. New banks are coming up in the private sector and public sector banks are being given sufficient autonomy to really perform on commercial basis. Under these changed circumstances interest rates for deposits and loans cannot be too rigidly controlled. This is a matter that will require our attention in the future. Very soon we are revising and where necessary fixing relending terms for investment in various public sector activities. This may be a precursor for a more wide-spread review of interest rate structure in the economy as a whole.

58. Bangladesh has drawn up the credit programme for the next year. According to this programme the expansion of credit will be by about 16 per cent and two-thirds of it will be for the private sector. We are hoping that in the coming year financial position of public sector organisations will further improve and they will not seek a good deal of bank loans. 45 per cent of credit to be availed of by the private sector is notionally allocated for the agriculture sector. This is an indicator of the importance of agriculture sector in the national economy. In order to promote non-traditional exports it has been decided to offer credit at 9 per cent (reduced from 11.5 per cent) and this will be refinanced by Bangladesh Bank at concessional terms.

We hope that this special facility will be linked with expansion of exports. The requirement of working capital of the disinvested industrial units will receive priority attention.

59. In respect of bank credit programme I would like to draw your attention to three issues. The priority programme that has been prepared for agricultural credit demands that credit to farmers should be carefully supervised. He must be provided with credit on time, he should be assisted in the preparation of production programme, he should be helped in procuring and using various inputs, his utilisation of credit should be kept under scrutiny and above all recovery of loans from him should be made on time. If credit institutions are to discharge these various functions they will be required to collect service charges in addition to the interest rate. Even though apparently such a device does not look good ultimately it is beneficial to the farmers. And the success of the Gramin Bank project directly proves this point. The farmer does not have to wait for 95 days to get loans, he does not have to manage with less money than he needs and he does not sink under indebtedness by wasting funds. Another problem with agricultural credit is the presence of banks at the door-step of the farmers. Large areas in the country are totally unbanked; in some areas there is a surfeit of bank branches. The weavers also suffer from this unavailability or surfeit of banking services. This is a matter where rationalisation brooks no further delay. The whole gamut of problems relating to agricultural credit is now under examination of relevant ministries and banks.

60. Discipline of loan recovery must be maintained if credit programme is to be sustained and expanded. Our experience in this respect has been rather bitter. It is admitted that in order to continue with production process and trade, bank credit must expand. But if bank loans are not repaid, bank's capacity to offer loans becomes limited. For the next year we think that Tk. 850 crores of agricultural credit should be provided. Out of this, net credit expansion will be Tk. 350 crore. If loan repayment is more than the target it will be very easy to expand the credit programme still further. It is, therefore, that stern measures should be taken to ensure loan recovery. With this end in view Government has taken steps to establish Mercantile Court in the very near future. This will help settlement of bank claims in an expeditious manner. Meanwhile as a preliminary step, in Dhaka and Chittagong two special courts have been earmarked to look after bank cases. Of course, the new law providing for simple and fast procedure is yet to be prepared. Mercantile Court may not help recovery of overdues in the agriculture sector. For that we need to restructure the Certificate procedure. If credit programme is to be continued and expanded it is essential that savings are also increased. After the establishment of banks in the private sector Government has decided to introduce a Deposit Insurance Scheme to protect the interests of small depositors. We believe that this will encourage small savings. I also think that refinance rates should be varied to act as an instrument for promoting deposits.

61. A little while ago I talked about the difficulties that an investor or an individual borrower faces because of fluctuations in exchange rate. I would like to inform you of the Government decision in this respect. You are all aware that before liberation Dollar-Taka rate was 1 : 4.8. Soon after

liberation this exchange rate became Tk. 8 per dollar. In 1975 there was a substantial devaluation and the rate became about Tk. 13 to a dollar. In subsequent years there has been further depreciation of Taka. In 1980-81 it was 16.5, in 1981-82 it was 19.8 and 82-83 it was 22.6. Presently official exchange rate is Taka 24.5 to a dollar. Because of this massive change in Dollar-Taka exchange ratio during the last 10 years many investors who set up industries with foreign exchange loans find that their payment liability has increased very substantially. Of course, in some cases the increase in the price of produced goods or exported goods has been sufficiently commensurate so that many industries did not face severe problems with debt servicing. But some industrial organisations or units have accumulated heavy repayment liability to BSB and BSRS. Exchange rate fluctuation has contributed very largely to such accumulation of overdues. In order to protect investors from fluctuations in exchange rate and thereby promote investment Government has approved two different schemes. The first one relates to borrowings to be made in future and the second one relates to borrowings made before 1st of July, 1983.

*Those who will take foreign exchange loan from 1st July, 1983 will pay to the financial institutions 2.5 per cent foreign exchange risk premium and thereby will be relieved of carrying any foreign exchange risk. This risk fund will be deposited with Bangladesh Bank who will meet all foreign exchange risk. This scheme is being introduced presently for a period of five years.

*Those who have taken foreign exchange loan before 1st July, 1983 will be divided into two groups. Those who obtained loan before 15th May, 1975 and those who obtained it after that date. With respect to the first group 50 per cent of the additional liability on account of exchange rate fluctuations will be converted into equity holding by the financing institutions. A return of 7 per cent will be paid on this equity which will be treated as preferential share. The borrower, however, can pay off the financing institutions at any time and get full control over his capital. The financing institutions after examining individual cases may re-schedule loan repayment with the approval of respective Boards of Directors. In case existing assets of the unit are not considered sufficient the financing institutions can seek collateral security and re-schedule loan repayment. Those who borrowed before May, 1975 will have the benefit of conversion of 30 per cent of their additional liability into equity in the same manner.

*In case of small and cottage industry, however, irrespective of the date of borrowing conversion into equity will apply to 50 per cent of their additional liability.

62. I would like to say a few words more about banking. Government has already granted substantial autonomy to the nationalised commercial banks in their administrative and commercial functions. At the same time instructions have been given for delegation of powers and responsibilities by the banks to their subordinate offices and lower level officers. Presently Government appoints only the Board of Directors, Managing Directors and the General Managers of the banks. Appointment, promotion, transfer and discipline of all

other employees are the responsibilities of bank management. It is desirable to have an equitable and uniform system for all banks. We are thinking of setting up administrative tribunal in each bank. There are complaints about the complex procedures for bank lending. This year we tried to simplify the procedure for agricultural credit operations; of course, its benefits have not yet been fully realised. Banks should give priority attention to procedural improvement.

63. Uttara and Pubali--two nationalised commercial banks--have already been converted into companies and Government will soon sell to the original sponsors of these banks their proportionate shares in the new banks. The original sponsors who are nationals of Bangladesh and whose shares were taken over by the Government at the time of nationalisation will also be paid compensation. It may be noted that 95 per cent of the shares of Uttara Bank; then called Eastern Banking Corporation, were held by Bangladesh citizens. Considering the financial position of the banks and their assets and liabilities we have fixed sale prices for these banks. In the first instance the shares of Uttara Bank will be sold to original sponsors who will have the right of pre-emption. Half of the sale price will be considered as paid-up capital and the other half will be lent to the company for repayment over a period of five years. If application for purchase of shares exceed the proposed paid-up capital this will be increased and the share of loan will be accordingly reduced. On the same basis the next step will be sale of Pubali Bank to the private sector giving right of pre-emption to the original sponsors from this country. Government has 40 per cent stake in IFIC, this will be gradually reduced to 20 per cent.

Growth of the Economy

64. With great hopes we have prepared the revenue budget and development programme for the next year considering various pros and cons of the economic situation. Favourable weather, economic stability and accelerated investment in 1983-84 will give us a growth rate of 6 per cent. We have to watch very carefully the developments in import arrivals, exports shipment, food production and implementation of the Annual Development Programme. At the same time we have to coordinate our money supply and bank loan programme. The private sector also has heavy responsibilities and the nation is critically watching their activities. They must also keep pace with developments and changes during the year. I have no doubt that we can reach our desired goal with combined and dedicated efforts. And our desired goal does not reflect excessive ambitiousness. We have targeted 5.9 per cent growth rate in agriculture, this year we have achieved 5.1 per cent growth. In the industrial sector we must work hard and this will give us a growth rate of 6.4 per cent. Achievement of 5.8 per cent growth rate in trade and transportation, 20 per cent in energy and fuel and 5.8 per cent in other sectors does not look so difficult.

Fiscal Measures

While outlining the fiscal measures for the coming financial year I would like to emphasize that our development process cannot be speeded up without increased

mobilisation of internal resources. While efforts are to be made to increase tax revenues, conditions have to be created at the same time which not only promotes investment but also brings about an improvement in the standard of living of the people. The attainment of these apparently contradictory objectives may be difficult to achieve. However, with this end in view, a continuous review of the fiscal policy and tax measures was carried out throughout the year. On this issue, meetings were also held by the Consultative Committee for Mobilisation of Internal Resources. Besides this, proposals and suggestions were received from individuals and organisations. The fiscal policy and measures for tax revenues presented by me represent the end-product of detailed analysis and dialogue carried over a whole year. I do not claim that all the reasonable proposals received this year have been incorporated in the budget, but I can assure you that all the proposals received have been duly considered.

2. The basic principles in formulating proposals for the fiscal measures of the Government remain the same as those of last year. However, restating these may not be out of place.

*To provide relief to the poor from the burden of taxes.

*To help the domestic industries to expand and to augment the production process.

*To bring rationality and equity in tax administration.

*To simplify the method of tax collection by making it easy, rational and comprehensible to the common taxpayers.

*To bring more taxpayers under the tax net.

*To use tax policy to encourage exports and check imports.

*To integrate metric system in revenue accounts.

*To bring dynamism in tax collection by charging duties at ad valorem instead of specific rates.

Import Duties:

3. The objectives in designing customs duties have been to continue the efforts to strengthen internal production processes, to provide new opportunities for industrialisation, to encourage use of luxury goods, to ensure supply of essential necessities for the common consumers, to harmonize and simplify customs tariff structure, to simplify tariff rates so as to facilitate quicker assessment and release of imported goods and to modernize application of customs tariff. In addition, we have tried to bring about certain structural changes in the tariff rating this year as detailed below:

4. Imported items are mainly of three types, viz., basic raw materials, processed raw materials and intermediate goods used as industrial inputs and

finished goods. Among the intermediate goods which are imported into the country, some are used as input in local industrial processes, some find use both as input and finished products. Some imported finished items are essential in nature and there is no other alternative but to import these items to meet the requirement of the country. The demand for some other items is small and can be met by minimal import. Some other items are imported for specific selective purposes and to meet high quality needs. Considering all relevant aspects, seven slabs of duty rates have been adopted. Earlier, it was twenty-three slabs of duty rates which were reduced to twelve in last year's budget. Further reduction of duty slabs this year has been done on the basis of a well-considered principle involving correct categorisation of imported items. We have been able to categorise two thousand imported items in accordance with this procedure. We hope to complete categorisation of remaining items in future. The Chief Martial Law Administrator has appointed a Committee to review and simplify existing customs procedure and organisational set-up. This Committee will, inter alia, finalise the work of categorisation of imported items.

5. Import duty on basic raw materials has been fixed at 20%. Import duty on processed raw material like billet and items which are partly manufactured but imported for use in local industries like button blanks have been fixed at 50%. Fully processed items which have use both as raw materials and finished product like components of watch and clock have been dutied at 100%. Depending on consumption pattern, duty on imported finished products has been spread over four slabs, viz., 100% (telephone set), 150% (stainless steel blade), 200% (fents), 300% (knit fabrics) and 400% (superior brands of cigarettes). It is, however, necessary to mention that, some special concessionary rate like 21% for imported machinery for installation in less developed areas, 5% for cement, clinker and baby food, 10% for cotton, wool tops and synthetic tops and 15% for imported machineries for installation in developed areas have been retained.

6. While carrying out categorisation of items and fitting them into seven slabs, all items falling under 40% duty slab have generally been fixed at 50%, while all items falling under 75% duty slab have been fixed at 100%. Considering special aspects, in some cases, duty slab has been merged with a lower instead of the higher slab. For example, duty on CKD jeep or CKD 350 c.c. car have been reduced to 20% from 40% while duty on spices, nylon filament yarn, glass fibre, waxes, tyres and tubes of buses and trucks have been reduced to 50% instead of being fixed at higher levels.

7. A new measure has been introduced in the shape of repayment of customs duty to local industries. This is based on full utilisation of imported intermediate and finished goods as inputs by domestic industry. Steps have also been taken to make the repayment procedure simple and expeditious. Repayment of duty paid in excess of 50% has been provided for in case of use of vulcanised sheet required by silver can manufacturing industry. Cellulose and acetate sheet used in manufacture of spectacles frame and raw materials imported for use in paint industries. Repayment of duty paid in excess of 15% on materials used in manufacture of transformers has been arranged. Repayment of all customs duty paid on import of polythene pellets, imported by

the fertilizer factories, have been provided for. These measures have been adopted as these input have alternate uses.

8. Some items of similar nature have been brought under uniform rate of duty. This will reduce scope for application of discretion and reasons for complaint. Prepared paints and lacquers have been brought under 150% duty slab. Scientific equipment is assessed under different rates. It has now been brought under 20% and 50% duty rates.

9. In order to modernise account keeping system in the country and also to encourage use of modern equipment in administrative and research organisations, present duty rate at 50%, 100% and 300% levied on computer, cash register and magnetic tapes respectively have been reduced and brought down to 20%. Sales tax has been completely exempted on these items. At the same time, duty on calculating machine has been reduced from 100% to 50%. Duty on photographic film, plate, and chemicals has been reduced from 100% to 50%.

10. A clear-cut policy has been adopted in respect of fixation of tariff value. Tariff value will be reviewed twice in a year and the value will be fixed keeping in view international prices. However, considerations such as promotion of domestic industry, easing or restricting imports, will continue to guide fixation of tariff value.

11. Raw materials used in the pharmaceutical industry are now dutied at 10% and 25%. The new Drug Policy will render the use a large number of raw materials of the pharmaceutical industry unnecessary. On the other hand, a scrutiny of the list of pharmaceutical raw materials reveal that many of the items have alternative uses. After a review of the situation, a new list has been prepared. Provision of repayment of duty in excess of 20% has been provided for. This facility shall also be available for recognised Unani and Ayurvedic system of medicinal manufacturers.

12. The measures enumerated above should yield a net revenue gain of Taka 20 crores. Last year, collection of revenue increased substantially due to tariff slab and duty rate adjustments. It is expected that the same trend will continue this year.

Export Duty:

13. Most of the export duties were withdrawn in the last year's budget. Export duty was fixed on wet blue leather only at 5%. It was expected that exporters would thereafter concentrate on export of finished leather. These hopes did not materialise. Now, export duty at 10% rate is imposed on wet blue leather. However, exporters of finished leather who will export more than 20% of finished leather or leather goods over last year's exports will pay 5% duty on export of wet blue leather and those who will export 50% or more of finished leather and leather goods will pay 2-1/2% duty on export of wet blue leather.

14. This measure will generate an additional revenue of Taka one crore.

Sales Tax:

15. Sales Tax is realised only on imported items since last year. Some items are exempted from sales tax. This year sales tax exemption is allowed to staple fibre, computer, cash register and magnetic tape. Considering that customs duty on machinery spares has been increased from 40% to 50%; sales tax levied at 10% on this items is withdrawn. As a result of this adjustment, total tax incidence on machinery spares shall be a little less. Sales Tax levied on nylon chips is reduced from 20% to 10%.

16. Sales Tax at 10% is imposed on fresh fruits and ships imported for breaking. However, special exemption to import of fresh fruit imported during Ramzan will remain in force.

17. Sales Tax has been imposed at 20% on certain items as a measure of protection to local industries and in some instances, for health reasons. These are tobacco and tobacco products, cummin seeds, dry chillies, corriander seeds, garlic and ginger, sugar and cereals and flour made out of cereals. Partial exemption of sales tax allowed on tarpaulin, simplex board and cigarette paper are withdrawn, thereby rendering the items to levy of sales tax at 20%. Domestic insecticide aerosol spray is also levied to sales tax at 20%. Sales tax on cigarette paper will be increased from 10% to 20%.

18. These measures will result in slight fall in sales tax revenue. In fact, the abolition of sales tax on indigenous products last year has led to a proportionate reduction in revenue receipts from sales tax.

Excise Duty:

19. With the progress of industrialization in the country, the collection of excise duty will increase continuously. However, the system of collection of excise duty remains traditional. At present, manufactured goods are cleared in the presence of excise officials in the mills and factories. Industrialists do not object that much to pay excise duty but they do not like the presence of excise officials. The more industrial units will continue to grow, the more difficult it will be to post government officials in factories. We are going to change this procedure altogether and introduce the system of self-clearance of manufactured goods. Industrialists will render account themselves and pay duty accordingly. Of course, appropriate measures will be taken to check evasion of duty. Use of raw materials, energy consumption, wage bill, account of export consignments or packaging materials and such other matters will be examined and tallied to check evasion of excise duty. For this, the administrative structure of the excise department will have to be determined. Repayment system of customs duty will deter evasion of excise duty to some extent.

20. This new system will be introduced in the first stage on 1st January, 1984. The items which will come under the self-clearance system at that time are--Cotton yarn and fabrics, woollen yarn and fabrics, fabrics made from man-made yarn, jute manufactures, soaps, detergents, paper, packaging materials, china and porcelain wares. POL products. PVC pipe, rexine cloth, tea, plastic

foam, insulation board, telephone set, rubber belt, rubber pipe, tyre and tube, rubber foam, soft drinks, metal containers, electric bulb and fluorescent tube, electric fan, radio and television sets, wires and cables, and transport vehicles including two wheelers. In the second stage, on 1st May 1984, another seven items will come under the self-clearance scheme. These seven items are--glass and glasswares, paper board, electric battery, footwear, U.S. products, paints, pigments and varnishes, and perfumery, cosmetics and toilet preparations. This year, sugar, glucose and dextrose, cement, asphalt, starch, medicine and medicinal products, antiseptic, disinfectant, insecticide, pesticide and germicide, stainless steel, welding electrodes and oxygen, carbon dioxide, nitrous oxide gas and acetylene were brought under self-assessment scheme. With this, the traditional system will remain in operation only for cigarette, biscuit, break and matches and self-clearance system will be introduced for all the rest of the items.

21. In case of cotton yarn and fabric manufacturing, complications in collection of duty have increased owing to existence of different rates of duty. For cotton yarn, there are five rates including exemption. Merging these rates, duty has been fixed at the rate of one taka and fifty poisha per kilogram of cotton yarn made in textile mills. Presently there is one rate for cotton fabrics and another for fabrics of man-made fibres. Again, different duty rates are prevalent for cotton fabrics made out of imported cotton and local cotton. Besides, the different types of fabrics there are different duty rates. Duty at the rate of 35 poisha per square metre has been fixed for all types of fabrics produced in mills merging all the rates into one. To help improve standard of quality of fabrics all duty rates now applicable for mechanical processing have been exempted. No duty has to be paid now for processing, such as, calendering, mercerising, etc. Besides, to reduce the gap between duty payable under normal system and under the optional payment of fixed monthly duty under '96KK' of excise rules on power looms, duty is fixed at taka two hundred in place of taka one hundred and sixty-five. In case of Warp-knitting machine taka one thousand is refixed in place of taka eight hundred and thirty.

22. The existing duty rate on mechanically produced biscuits is 15% of the retail price. Excise duty on mechanically produced biscuits has been reduced to 10% of retail price keeping in view the purchasing power of the common buyers. Simultaneously, excise duty at the rate of 10% of retail price has been imposed on mechanically produced bread. As a result, the chance of evasion of duty of mechanised bakery will be substantially eliminated.

23. To increase demand by reducing price of goods produced in the country, the duty rates of the following items have been brought down:

Duty rate on jute carpets has been reduced to 25% in place of the existing 35%;

Duty rate on Jeeps assembled in the country has been brought down to 5% in place of the existing 10%;

Duty rate on wires and cables has been reduced to 20% in place of the existing 25%.

24. To promote production, duty on stainless steel cutleries and crockeries and steel furniture has been completely withdrawn. Besides, the temporary exemption on glazed potteries has been extended up to 30th June, 1984. Excise duty on performances, such as, jatra, theatre, circus, magic show, puppet show, etc. (except cinema), has been completely withdrawn.

25. To encourage tourism industry, certain changes are being brought about in the calculation of excise duty on hotels and restaurants. Duty will be collected only on room rent and food including drinks. For charges, such as service charge, laundry charge or telephone charge no excise duty will have to be paid.

26. In case of colour television, there will be three duty slabs in place of the present two slabs.

On screen size not exceeding 14 inches Taka 1200

On screen size between 14 inches to 20 inches Taka 2000

On screen size exceeding 20 inches Taka 3000.

27. The definition of "Cottage Industry" has been further modified this year also. An industry where only machinery and equipment are valued up to take 50,000 will be recognised as cottage industry. By this measure, more industrial concerns will get exemption on account of excise duty as well as income tax.

28. In some specific cases, arrangement has been made to collect new excise duty. These items will come under the purview of self-clearance system from the beginning.

(a) Excise duty at the rate of 10% is imposed on overseas telephone and telex services.

(b) Excise duty at the rate of 10% is imposed on particle board, hard board and plywood. No excise duty will be leviable in case of plywood used in tea chest.

(c) Excise duty is imposed at the rate of 5% on the retail price of allopathic, Momoeopathic and Unani systems of medicine. Temporary exemption was granted to allopathic medicine last year for special reasons.

(d) I have already spoken of the increase in duty rate of natural gas. Duty rate has been increased from taka seventeen and fifth poisha to taka twenty one and sixty-five poisha per thousand cubic feet. In case of gas used in the production of electricity and fertilizer, the duty rate will be taka nine and fifty poisha. The duty rate will amount to take seven hundred and sixty-five and taka three hundred and thirty five calculating per thousand cubic metre.

29. I spoke of a new system of collection of entertainment tax on cinema houses last year. Following consultations with all concerned, we are going to introduce a new system now. Under the new system, there will be no excise stamps and no necessity of supervision of cinema halls by the excise department. The rate of payment of duty per seat will remain unchanged. But there will be no need to render account of sale of ticket. Duty will be collected on a fixed percentage of the duty payable on the full utilization of the number of seats in the hall. This duty will be paid by the owners of the cinema halls in advance for every fifteen days. This system will come into effect on the first day of August next. The capacity utilisation rate on which entertainment tax will be paid are:

(a) For airconditioned cinema halls in the metropolitan area of Dhaka--65 per cent.

(b) For airconditioned cinema halls in the metropolitan area of Chittagong--55 per cent.

(c) For other cinema halls of Dhaka and Chittagong metropolitan areas--45 per cent.

(d) For all cinema halls of Khulna and Rajshahi towns--35 per cent.

(e) For all cinema halls of district towns--30 per cent.

(f) For all cinema halls of subdivisional towns and municipal areas--20 per cent.

(g) For other areas--5 per cent.

30. For new imposition of excise duty taka twenty crores will be collected.

Turnover Tax:

31. I proposed imposition of this new tax last year. However, in the absence of definite signs of overcoming the economic recession, this tax was not imposed finally. This tax will be imposed this year on some industry and business establishments. Sweetmeat producers and dealers, auto-garages and workshop, shipyard and dockyard, steel furniture manufacturers and dealers, wooden furniture producers and dealers, wood treatment plant and saw mill and printing press will come under the purview of this tax. Those having less than two lakh taka turnover will be exempted from payment of the tax. Turnover tax at the rate of two per cent, will have to be paid on sale proceeds during the year. Establishments paying tax will obtain registration from excise department and they may pay taxes on self-assessment basis. This tax will be collected from 1st October 1983 after completing all necessary arrangements, including rule making. Taka five crores is expected as revenue on this account next year.

32. One Deputy Controller from narcotics and liquor department has been posted in each divisional headquarter. Under the circumstance, Deputy

Controller of Narcotics and Liquor will perform the work of this department in place of the Deputy Commissioner of districts.

Income-tax

33. In the field of income-tax, efforts have been made to achieve two broad objectives next year. The first one is to simplify income-tax computations so that tax-payers would comprehend these more easily. The second objective is to encourage investment. In our efforts to revise the income-tax law to suit the needs of the changing time, we have received encouragement and support from all quarters. As for the new Income-tax Law, I believe it should be possible to promulgate it at the beginning of 1984. There just was not sufficient time this year.

34. Every year, certain amendments of the Income-tax Act are announced with the budget measures. The tax-payers come to know how their income of the year will be taxed after the budget announcements. Under the income-tax law, assessment is made on the income of the previous year. Assessment for the year 1982-83 i.e., of the income of 1981-82 is made under the law of 1982. Problem under this arrangement is that tax-payers cannot prepare a proper budget of their income and expenditure and they do not get the opportunity to take full advantage of tax rebates. By changing this system, income-tax amendments of 1983 will be effective from the assessment year 1984-85. Tax-payers may now plan their expenditure for the next year keeping in view the existing provisions of the Income-tax Act. As a transitional arrangement, assessment for the year 1983-84 for income year 1982-83 will be made under the provisions of the Income-tax Act as it existed in 1982. Only the rate of tax, will be under the provisions of the Finance Ordinance, 1983.

35. Under the existing income-tax law, various incomes are kept out of the total income. Again, there is scope for various deductions from the total income. For an ordinary person, such calculation of income-tax is very difficult. To simplify the procedure, arrangements have been made to withdraw the list of various tax exemptions. But for legal reasons and in the interest of investors of limited income, some exemptions cannot be withdrawn. Therefore, except a few items, all other income will now be included in the total income. The exemptions that will continue to exist are:

- (1) Pension and gratuity.
- (2) Dividend, interest from Government Securities and approved debentures up to Tk. 5,000.
- (3) Interest from Bank up to Tk. 3,000.
- (4) Provisions of exemption relating to income from new houses constructed up to 30th June, 1985.
- (5) Existing income-tax exemption of the diplomats, religious, and charitable institutions, local authorities, foreign teachers and technicians.

36. At present expenditure for three purposes are exempted from payment of income-tax. Donation of Zakat Fund and national level sports organisations are exempted from income-tax. Donation to educational institutions, hospitals, religious and charitable institutions are exempted from income-tax subject to the limit of 20 per cent of total income. To encourage such charities the exemption limit is raised to 30 per cent.

37. Under the existing provisions of income-tax law, opportunity to get tax rebate through investments is limited. At present, a maximum amount of Tk. 35,000 can be invested for the purpose of tax rebate. This limit has been withdrawn and provisions have been made to enable investment up to one-third of total income. The area of investment has also been widened. At present, investment allowance up to Tk. 12,000 is admissible for investment in Public Limited Companies. This limit is also withdrawn. However, investments will have to be made in Public Limited Companies listed in the Stock Exchange. Opportunity for investment has also been widened by changing the definition of "Cottage Industry". At present, capital gain is exempted from income-tax if such gain is reinvested in new industrial undertaking. This condition is relaxed and the benefit is extended to investments in existing industries also. To encourage advancement of loans in the agricultural and rural sectors, overdue bank loans on this account is exempted from income-tax up to one and half per cent of the overdue loan.

38. The arrangement for collection of advance income-tax from the importers is withdrawn. Efforts will be made to collect advance income-tax from persons engaged in transport business, recruiting agents and travelling agents.

39. At present income-tax at the highest rate of 60% is charged on taxable income exceeding Tk. 1.60,000. This rate will now be applicable on taxable income exceeding Taka 2,00,000.

40. At present, maximum limit of income under the self-assessment scheme is Tk. 50,000. This limit is raised to Tk. 75,000.

Urban Immovable Property Tax:

41. At present, two types of taxes are imposed on the same urban property. The municipal authorities and the income-tax authorities collect these taxes under different laws. To remove the difficulty of the tax-payers and to give the municipalities an opportunity to collect more taxes, Urban Immovable Property Tax is withdrawn.

42. Receipts under income-tax and other direct taxes have been estimated at Tk. 310 crore for the next year.

Electricity Duty:

43. Duty at the rate of one paisa per unit of electricity consumption was imposed on the first of December, 1974. After a period of about ten years, the rate of this duty is raised to 5 paisa. This will generate a total revenue of about 5 crore taka.

44. The enclosed abstract contains information on the various proposals and also revenue effects of the fiscal measures, wherever necessary.

Dear fellow-citizens

45. I apologise for making a rather lengthy speech. I just wanted to tell you how far the Government was able to redeem the commitments made last year. I have made detailed statement on revenue raising and expenditure and development budget. Apart from these, this is for the first time that I got an opportunity to discuss the annual policy and programme on money supply and bank credit. I have thus made an attempt to present before you an account of the economic and financial state of affairs of the country. I gratefully acknowledge the assistance I got from my colleagues and coworkers. I also respectfully thank the Chief Martial Law Administrator, who despite his many pressing commitments, spared valuable time over the year and encouraged and supported me in my task. Given the discipline we have achieved in economic management, it should no longer be impossible for us to achieve growth with stability although the process will take time.

46. Before I conclude, I would like to make a few more brief comments. Tomorrow we shall step into the fourth year of the Second Five Year Plan. We shall begin the preliminary work for the formulation of our Third Year Plan this coming year. Evaluation of our development plans, analysis of our economic programme and research into diverse fields will provide the main focus in this preliminary work on plan preparation. Our objectives are to evolve strategies for improving the lot of the people, providing guidelines and directions for investment and devising appropriate mechanism for implementation of development programmes. We are aware of the basic fact that eighty per cent of our people live below the poverty line. Only creation of more employment opportunities and increased production can help improve the lot of our teeming millions. Without an improvement in the lot of the masses suffering from deprivation and backwardness, the life-style of a handful of affluent people cannot be sustained nor can any productive and expanding economic system be maintained.

47. Bangladesh lives in its villages. Our prosperity lies in making investment and economic activity--village oriented. The new Thana administration is a historical and a revolutionary step in the direction of decentralisation of administration and devolution of government. Every administration in this country promised to take economic development down to the village and we have started the process. To make the new system work, we need patience, discipline, diligence, a new mental orientation, trust in the people and dedicated work.

48. Administrative inefficiency and mismanagement could mar the various Thana level activities programmed for the next year. The central government's disinclination to share and delegate responsibilities could upset this programme. An expanded Thana administration could also impede progress. The national government's paternal sense of responsibility towards Thana administration and unwarranted spoon-feeding and babying may also abort the plan. Above all, social and political unrest could thwart all the bright hopes.

There is an expectation of expanded employment opportunities in the rural areas and this aspiration embodies the promise of economic resurgence in the country.

49. The private sector has also to come forward and play its role. Let me warn that it will be answerable to the community if it fails to avail of the opportunities offered to it. We must all resolve to do our best right from the beginning of the year. Expansion in the import trade to cater to the increased level of demand resulting from expanded rural employment and gearing up for higher production are what we need urgently. The Annual Development Programme, money supply and credit policies have been framed to help achieve these objectives.

50. We cannot fail this time, we must realise our potentialities.

AA Abstract of Fiscal Measures for 1983-84

A. Import/Export Duty

1. Measures adopted to encourage local industries:

- (a) Duty on nylon filament yarn has been reduced from 75% to 50%. (--Taka 10 lakhs).
- (b) Duty on clinker has been reduced from 10% to 5%. (--Taka 150 lakhs).
- (c) Duty on component parts of watch and clock has been reduced from 150% to 100%. (--Taka 5 lakhs).
- (d) Duty on four wheel drive (4 x 4) vehicles (Jeep) in CKD condition has been reduced from 40% to 20%. (--Taka 50 lakhs).
- (e) Duty on glass fibre, yarn and wool has been reduced from 100% to 50%. (--Taka 10 lakhs).
- (f) Duty on aerosol spray container has been reduced from 150% to 50%. (--Taka 5 lakhs).
- (g) Duty on fatty acids has been reduced from 150% to 50%. (--Taka 5 lakhs).
- (h) Duty on radio parts has been reduced from 75% to 50%. (--Taka 5 lakhs).
- (i) Duty on CKD import of 850 c.c. car has been reduced from 40% to 20% and on 1000 c.c. car has been reduced from 75% to 50%. (--Taka 10 lakhs).
- (j) Duty on blanks for buttons has been reduced from 100% to 50%. (--Taka 2 lakhs).
- (k) (1) Duty repayment in excess of 15% has been allowed on raw materials imported and used in the manufacture of transformers by GEM Plant, Chittagong.

(ii) Duty repayment in excess of 50% has been allowed on imported vulcanised fibre sheets used in the manufacture of sliver can.

(iii) Duty repayment in excess of 50% has been allowed on imported cellulose sheets-acetate sheet used in the manufacture of spectacle frames.

(iv) Full repayment of duty paid on polythene pellets imported by fertilizer factory for manufacture of polythene bags has been allowed.

(v) Duty repayment in excess of 50% has been allowed on imported raw materials used in the manufacture of points by Paint Industries.

(l) Duty on wool top and synthetic tops has been reduced from 20% to 10%.
(--Taka 5 lakhs).

(m) Duty on wages has been reduced from 75% to 50%. (--Taka 1 lakh).

(n) Duty on lurex yarn has been reduced from 300% to 50%. (--Taka 10 lakhs).

(o) Duty on instruments and appliances for photography and cinematography has been reduced from 150% to 100%. (--Taka 100 lakhs).

(p) Duty on photographic plate, film and chemicals has been reduced from 100% to 50%. (--Taka 100 lakhs).

(q) Duty on CKD import of Two-in-one has been reduced from 75% to 50%.
(+Taka 15 lakhs).

(r) Duty on CKD import of freezers has been reduced from 75% to 50%.
(+Taka 10 lakhs).

(s) Duty on essential oils has been reduced from 200% to 150%. (--Taka 5 lakhs).

2. Measures adopted for protection of domestic industries:

(a) Duty on agricultural handsprayers has been enhanced from 40% to 50%.
(+Taka 18 lakhs).

(b) Duty on telephone set and exchange has been enhanced from 40% to 100%.
(+Taka 18 lakhs).

(c) Duty on steel reed and wire healed has been increased from 50% to 100%.
(+Taka 20 lakhs).

(d) Duty on cotton fabrics has been enhanced from 75% to 100%. (+ Taka 100 lakhs).

(e) Duty on stainless steel blade has been enhanced from 100% to 150%.
(+Taka 20 lakhs).

(f) Duty on electric iron has been enhanced from 75% to 100%. (+Taka 18 lakhs).

(g) Duty on Domestic sewing machine has been enhanced from 40% to 50%. (+Taka 10 lakhs).

(h) Duty on cycle/rickshaw tyre and tube has been enhanced from 50% to 100%. (+Taka 20 lakhs)

(i) Duty on prepared paints and lacquers has been enhanced from 50% and 75% to 150%. (+Taka 15 lakhs).

3. Measures adopted for change in tariff rate keeping in view the pattern of consumption:

(a) Duty on spices has been reduced from 75% to 50%. (--Taka 10 lakhs).

(b) Duty on food for infant and invalid has been reduced from 40% to 5%. (--Taka 10 lakhs).

(c) Duty on cash register and computer has been reduced from 100% and 50% respectively to 20%. (--Taka 3 lakhs).

(d) Duty on magnetic tapes for computer has been reduced from 300% to 20%. (--Taka 2 lakhs).

(e) Duty on calculating machine has been reduced from 100% to 50%. (--Taka 10 lakhs).

(f) Duty on liquid glucose, cocoa powder and chocolate powder has been reduced from 150% to 100%. (--Taka 5 lakhs).

(g) Duty on tyre and tube for buses and trucks has been reduced from 75% to 50%. (--Taka 10 lakhs).

(h) Duty on domestic knitting machine has been reduced from 75% to 50%. (--Taka 2 lakhs).

(i) Duty on spares of machinery has been enhanced from 40% to 50%. (+Taka 150 lakhs).

(j) At present two-in-one is allowed duty-free release under Baggage rules and cloth drying machine is not treated as a baggage item. Therefore, two-in-one and cloth, drying machine has been incorporated in dutiable list on the Baggage Rules. (+Taka 1 lakh).

(k) Duty on hand sieves for laboratory use has been enhanced from 10% to 20%. (+Taka 0.25 lakhs).

(l) Duty on tyre and tube for motor car has been enhanced from 75% to 100%. (+Taka 20 lakhs).

4. Refixation of tariff value on some items:

Presently there are tariff values on fabrics, spices, edible oils, second hand clothings and cigarettes. Keeping an eye to the current market price, tariff values of those items have been reviewed and refixed. Separate tariff value on fents has been reintroduced. (+Taka 20 lakhs).

5. The following items have been subjected to ad valorem duty from the existing system of specific duty. The items are: --betel nut, tea, tobacco, opium, salt, sugar, film, synthetic yarn, etc. (--Taka 5 lakhs).

6. Present 12 bands of duty have been reduced to 7 bands 20%, 50%, 100%, 150%, 200%, 300%, and 400% with 4 concessionary bands, namely 2-1/2%, 5%, 10%, and 15%. (+Taka 2000 lakhs).

7. Export duty:

(a) Export duty on wet blue leather has been enhanced from 5% to 10%.

(b) In order to increase export of finished leather, the exporters of finished leather will be given the facility of exporting wet blue leather at the concessional rate of 2-1/2% and 5% provided they can export finished leather more than 50% and 20%, respectively over previous year's quantum of export of finished leather. (+Taka 100 lakhs).

B. Sales Tax:

(a) Sales tax has been withdrawn from staple fibre. (--Taka 200 lakhs).

(b) Sales Tax on computer, cash register, magnetic tapes for computer has been withdrawn. (No effect).

(c) As the customs duty has been increased on machinery spares, so existing sales tax at 10% on those spares has been withdrawn. (--Taka 1400 lakhs).

(d) Sales Tax on import of nylon chips has been reduced from 20% to 10%. (--Taka 10 lakhs).

(e) Sales Tax at 10% has been imposed on fresh fruits. (+Taka 40 lakhs).

(f) Sales Tax at the rate of 10% has been imposed on ships for breaking. (+Taka 100 lakhs).

(g) Cigarette paper has been rendered to 20% sales tax from existing 10%. (+Taka 30 lakhs).

(h) Keeping in line with other spices, cumin seeds, coriander (black and white) turmeric, dry chillies, garlic and ginger have been subjected to 20% sales tax. (+Taka 40 lakhs).

(i) Sales Tax has been imposed at 20% on imported sugar. (+Taka 10 lakhs).

(j) Sales Tax exemption on cereals and flour of cereals has been withdrawn and 20% sales tax has been imposed. (+Taka 20 lakhs).

(k) Tobacco and tobacco manufactures have been subjected to 20% sales tax. (+Taka 50 lakhs).

(l) Tarpulain and simplex board have been subjected to 20% sales tax. (+Tara 2 lakhs).

(m) Aerosol insect spray imported in retail packing for domestic use have been subjected to 10% sales tax. (+Taka 5 lakhs).

C. Excise duty:

(Taka in Lakhs)					
Sl. No.	Item	Old rate.	New rate.	Increase (+)	Decrease (-)
1.	Overseas telephone and telex service	Nil.	10% of the charges	300	--
2.	Particle board, hardboard and ply wood	Nil.	10% ad valorem	75	--
3.	Natural gas	100 cft 17.50 9.00 (for use in production of electricity and gas)	21.65 9.50	1,115	--
4.	Bread and Biscuits	Bread-Nil.) Biscuits--15%) of the retail price)	10% of the retail price	--	Negligible
5.	Wires and Cables	25% ad val.	20% ad valorem	--	100
6.	Jute carpets	35% ad val.	25% ad valorem	--	Negligible
7.	Jeeps	10% ad val.	5% ad valorem	--	15
8.	Crockeries and cutleries of stainless steel	20%	Nil.	--	Negligible

9. Steel furniture	10%	Nil.	--	Negligible
10. Jatra, theatre, circus, magic show, etc.	75-100% ad valorem	Nil.	--	Negligible
11. Allopathic, Ayurvedic and Unani medicine	Nil.	5% of the retail price	600	--

			(+)2090	(-) 115
Net increase on account of				
Excise Revenue	=	2909 --115	=	(+)1975
Business Turnover Tax				(+) 500
Total net income of Excise and Business Turn-over Tax				(+)2475

D. Income Tax:

(1) Due to withdrawal of the provision for collection of advance income-tax from the importers. (--Taka 1900 lakhs).

(2) Due to reduction of rate of income-tax. (--Taka 100 lakhs).

E. Due to repeal of Urban Immovable Property Tax. (--Taka 100 lakhs).

F. Due to increase of electricity duty. (+Taka 400 lakhs)

Rate of Income-Tax for the Assessment Year, 1983-84.

A. In respect of individuals, Hindu undivided Family, Unregistered Firm and Association of Persons:

(1) Where the taxable income does 2.5% of the amount, not exceed Taka 10,000.

(2) Where the taxable income exceeds Taka 10,000 but does not exceed Taka 20,000: Taka 250 plus 5% of the amount exceeding Taka 10,000.

(3) Where the taxable income exceeds Taka 20,000 but does not exceed Taka 30,000: Taka 750 plus 10% of the amount exceeding Taka 20,000.

(4) Where the taxable income exceeds Taka 30,000 but does not exceed Taka 40,000: Taka 1,750 plus 20% of the amount exceeding Taka 30,000.

(5) Where the taxable income exceeds Taka 40,000 but does not exceed Taka 50,000: Taka 3,750 plus 30% of the amount exceeding Taka 40,000.

- (6) Where the taxable income exceeds Taka 50,000 but does not exceed Taka 80,000: Taka 6,750 plus 40% of the amount exceeding Taka 50,000.
- (7) Where the taxable income exceeds Taka 80,000 but does not exceed Taka 1,30,000: Taka 18,750 plus 50% of the amount exceeding Taka 80,000.
- (8) Where the taxable income exceeds Taka 1,30,000 but does not exceed Taka 2,00,000: Taka 43,750 plus 55% of the amount exceeding Taka 1,30,000.
- (9) Where the taxable income exceeds Taka 2,00,000: Taka 82,250 plus 60% of the amount exceeding Taka 2,00,000.

B. In respect of Companies and Local authorities:

- (1) Industrial company: 50% of total income
- (2) All other companies including banks, financial institutions and local authorities: 60% of total income.

C. In respect of every registered firm:

- (1) Where the total income does not exceed Tk. 20,000: Nil.
- (2) Where the total income exceeds Taka 20,000 but does not exceed Taka 30,000: 10% of the amount exceeding Taka 20,000.
- (3) Where the total income exceeds Taka 30,000 but does not exceed Taka 60,000: Taka 1,000 plus 15% of the amount exceeding Taka 30,000.
- (4) Where the total income exceeds Taka 60,000 but does not exceed Taka 1,10,000: Taka 5,500 plus 20% of the amount exceeding Taka 60,000.
- (5) Where the total income exceeds Taka 1,10,000 but does not exceed Taka 1,60,000: Taka 15,500 plus 25% of the amount exceeding Taka 1,10,000.
- (6) Where the total income exceeds Taka 1,60,000: Taka 28,000 plus 30% of the amount exceeding Taka 1,60,000.

List of Approved Investment Opportunities for the Purpose of Income-Tax Rebate

- (1) Life Insurance premium.
- (2) Post Office Savings Certificate.
- (3) I.C.B. (Unit) Certificate.
- (4) National Investment (Unit) Trust Certificate.
- (5) Government Securities (including Development Loans and Bonds).
- (6) Shares of investment companies approved by the National Board of Revenue.

- (7) Share or Stock of Public Limited Company listed in Stock Exchange.
- (8) Debenture of approved company.
- (9) Contribution to Government or recognized Provident Fund.
- (10) Deduction from Government salary for the purpose of deferred annuity.
- (11) Purchase of books up to Tk. 300.
- (12) Contribution to deposit pension scheme sponsored by the Government.

Finance Minister's Press Conference

Dhaka THE BANGLADESH OBSERVER in English 2 Jul 83 pp 1, 12

[Text] Mr. A. M. A. Muhith, Minister for Finance and Planning told a post-budget Press conference on Friday that the main thrust of the new Budget was to mobilise savings and accelerate implementation of programmes for expanded economic activities to attain prosperity and desired growth. Administrative and other related measures had been taken for expansion of the economy on a stable base by gearing up savings and investment, he added.

Addressing the crowded Press conference the Finance Minister said that the fiscal and other measures taken in last year's Budget had restored discipline in the economy and in spite of the world recession Bangladesh had been able to achieve 3.8 percent growth. He was happy to note that the growth in farm sector was satisfactory and the production has been estimated at 151 lakh tons.

Replying to a question the Finance Minister said that measures had been taken to pump more money at the thana level to create employment in the rural areas and to reduce the gap between the rich and the poor. He pointed out that last year all thanas got on an average, 35 lakhs Taka.

The Finance Minister told a questioner that the irrigation tax has been imposed on those users who get water within the projects of Water Development Board without paying any price.

Out of fifty lakh acres under irrigation three lakh acres fall within the WDB irrigation areas. The farmers in rest of the area pay Taka 800 for per acre irrigation and the new system will remove the disparity. The Finance Minister said that it was the policy of the Government to withdraw the subsidy in agricultural sector as this sector cannot be brought under tax net due to procedural difficulties.

Meanwhile the financial year, 1983-84, begins with an external aid pipeline to the tune of 4400 million US dollars. This includes food assistance worth 25 million US dollars non-project assistance worth 450 million US dollars and project assistance worth 3900 million US dollars.

Replying to a question in the post-budget Press conference the Finance and Planning Minister stated the total disbursements of foreign grants and assistance stood at 1340 million US dollars in 1982-83. The disbursements during the year included food assistance of 260 million US dollars, non-project assistance of 470 million dollars and project assistance of 610 million dollars, he added.

He noted that the last financial year began in July '82 with external aid in the pipeline amounting to 3758.7 million US dollars and fresh aid commitments during the year totalled 1928 million dollars including 238.5 million dollars of food aid, 490 million dollars of commodity assistance and 1200 million dollars of project assistance.

Asked about external assistance flows from the oil-rich Arab and Muslim countries, the Finance Minister said that disbursements of aid from such countries amounted to 597 million US dollars. He noted that projects like East-West Inter-connector Chittagong Urea Fertilizer Factory, Machine Tools Factory, rural electrification programme and Manu River projects had involved assistance from countries like Kuwait, Saudi Arabia and UAE.

He pointed out that Saudi Arabia had also been providing substantial balance-of-payments support to the country.

Asked about the new water rate for irrigation purposes in the agricultural sector, Mr. Muhith maintained that the rate has been introduced in order to put an end to the hitherto inequitable system for users of irrigation water in both project and non-project areas. He pointed out that Water Development Board has been supplying irrigation water in certain areas. In other areas water users are required to buy or hire irrigation equipment and in the project areas of Water Development Board the users get water virtually without cost, he observed. The water rate has been introduced to remove this inequity and also to provide for recovery of maintenance and operation costs, he said.

He said that as against 50 lakh acres now total irrigated acreage would expand to 62.5 lakh acres at year-end in 1983-84.

Answering a question as to whether the new water rate for collecting an additional revenue earning of Taka eight crore could be avoided merely by eliminating the practice of tax evasion and streamlining the tax administration Finance Minister felt that the new water rate had been introduced to make the users of irrigation water pay for the services. He pointed out that the scope for raising much of taxation from the agricultural sector notwithstanding its growth, was limited under the present system because of procedural difficulties.

The Minister, however, admitted that there was wide tax evasion in the country. Only three lakh people are paying taxes though at least ten per cent of the total population have the capacity to pay taxes he added.

Asked about the enhancement of gas rates, Mr Muhith said that the rates had been enhanced to realise the investment costs for the supply of natural gas. Those who use as a fuel now in the country are indeed fortunate because those who depend on alternative fuel pay heavily, more by about ten times he added. He pointed out that the rate of duty on electricity consumption had similarly been raised from one paisa per unit to five paisa per unit, to generate more cash resources to finance the development projects of Power Development Board.

Relying to another question as to how far the last year's fiscal and other arrangement to raise domestic resources and cut down subsidy bill was responsible for the continuing recession and accumulated strokes in industries due to demand constraints in the economy. the Finance Minister maintained that an overall GDP growth rate of 3.8 percent in the context of the global adverse economic situation in 1982-83 should be considered as an index of good performance. He stated that the dependence of the public sector bodies on bank borrowings had shown a decline in 1982-83 due to the measures taken under the Budget in July last and this was another encouraging sign.

CSO: 4600/1419

CABINET DECIDES ON DHAKA ADMINISTRATION, OTHER MATTERS

Dhaka THE BANGLADESH OBSERVER in English 7 Jul 83 p 1

[Text] A meeting of the Council of Ministers was held in Dhaka on Tuesday with the Chief Martial Law Administrator Lt. General H. M. Ershad in the chair, says a PID handout.

The meeting decided that the Dhaka Municipal Corporation will consist of 75 elected Commissioners 10 nominated women Commissioners and 5 official Commissioners. The elected Commissioners will be elected by direct election on the basis of adult franchise.

The Corporation will have one Mayor and three Deputy Mayors. They will be elected by the elected Commissioners. The Mayor and Deputy Mayors may be removed from office by three-fourths of the total number of elected Commissioners.

The meeting decided to redesignate the Bangladesh Institute of Sports as Bangladesh Krira Protisthan. The Protisthan would be an autonomous institute under a Board of Governors.

The meeting decided to redesignate the Bangladesh Institute of Sports as Bangladesh Krira Protisthan. The Protisthan would be an autonomous institute under a Board of Governors.

The main functions of the Protisthan will be to promote sports and games comparable to international standards find out promising sports talents from young boys and girls, and provide adequate facilities for intensive training on scientific lines along with the scope of general education upto the higher secondary level. It will impart proper coaching to all national teams before their participation in international competitions. The Protisthan will also give training to the coaches referees and umpires.

The Council decided to set up the National Archive of Bangladesh for the collection, preservation maintenance and administration of permanent records and archives of Government. There will be an Advisory Council to advise on all matters relating to location, preservation and use of archives; custody and transfer of public records; inspection and preservation of documents of manuscripts of historical or cultural or literary value in private possession; inspection by members of the public archives; and editing and publishing of public archives and private manuscripts.

ADMIRAL KHAN ADDRESSES MARINE ACADEMY GRADUATES

Dhaka THE BANGLADESH OBSERVER in English 28 Jun 83 pp 1, 12

[Text] Chittagong, June 27:--Deputy Chief Martial Law Administrator Rear Admiral M. A. Khan said here today that the Government was determined to utilise the country's manpower and other resources to occupy our due marine position among the international community, reports BSS

To attain this objective the government had already built up an administrative set-up and made necessary amendments of Merchant shipping Acts, he added.

The DCMLA was addressing as chief guest the passing-out ceremony of the 18th batch of cadets of Marine Academy held in the hill-side parade ground at Jaldia on the bank of the River Karnaphuli.

Admiral Khan also reviewed the parade and took salute of the smartly turned out cadets.

Despite inclement weather a big crowd assembled at the picturesque academy premises to greet the cadets who demonstrated an impressive march past ignoring incessant showers.

The DCMLA said that as a seafaring nation, we had deep affinities to the sea and our heroic people had a tradition of conquering the sea. Our people had the courage to successfully challenge any adverse situation in the sea, he added.

The DCMLA said that the Bangladeshi sailors had achieved international recognition and dedicated services. He said that facilities would be extended further to arrange employment opportunities for our trained sailors to foreign vessels. This is a new potential avenue for increasing foreign exchange earning for the country, he observed.

Admiral Khan said that proper steps were being taken to exploit our sea resources alongside our other wealths. "We are determined to convert our sea as a potential field for expanding our national economy", he maintained.

Referring to the role of Marine Academy in national development the DCMLA said the trained sailors and engineers of the academy would make special contributions in the fields of country's ports and shipping.

Admiral Khan said that the government had already taken various steps for expanding the opportunities for the trained cadets of the academy.

Admiral Khan said that the academy which started right from zero at the time of independence had now attained international status which so far produced 501 sailors and engineers. Besides pre-sea training, arrangements had been made to introduce preparatory examinations in every competency course, he said adding that shortly other advanced courses would be introduced.

Admiral Khan said that this academy is one of the selected training institutes of International Maritime Organisation (IMO) in South East Asia. He expressed his gratitude to the international agencies like UNIDO, IMO and Norway government who extended help and assistance to develop this academy.

Turning to our merchant fleets Admiral Khan said that the government had announced Bangladesh Flag Protection Act so that our national flag carriers incurred no losses any more. So long our merchant ships had to take their registrations under British Act but today we have our own Shipping Registration Ordinance, he added.

The DCMLA said that steps were now under way to implement a pragmatic shipping ordinance suitable to an independent country keeping harmony with all other existing international laws. This law would cover the whole spectrum of shipping including ship registration shipping control survey training employment rules ship buildings and security measures and naval accidents and investigations.

The DCMLA said that the academy with the assistance of UK government had arranged to conduct examination and provide certificates. This arrangement has enabled us to save huge foreign exchange. Arrangement would also be made to take examinations of different grades in the academy as soon as our shipping act was framed.

The DCMLA said that the government had taken a scheme to increase the number of BSC fleet. Under the scheme, the number of BSC fleet would be increased from 24 to 31 with carrying capacity of 5,34,000 tons. He said that seven new ships including four cargo vessels, one super tanker would be purchased soon in place of seven old existing vessels.

Referring to various measures taken by the government for the welfare of the employees working on board BSC vessels, Admiral Khan said that the government has increased their salaries and its benefits would be to the tune of 65 per cent. He hoped that would make BSC more attractive and the Bangladeshi nationals working on board foreign ships would come back to the national fleet. In that case we had not to employ foreign officers in our national fleet and it would enable us to save our hard earned foreign exchange.

The DCMLA advised the cadets not to forget the motherland and the poor country-men when they would be in job even in the face of hundreds of allurements.

The DCMLA also reminded them the contribution of the country's masses for arranging higher training for them in the academy.

Your vow should be to render sincere services for the development of the country he said.

Earlier in his address of welcome, the Commandant of the Academy Capt. M. Zakaria said that Taka three and a half crore was saved in foreign exchange as a result of introducing different courses in the academy. This amount would be further enhanced when trainees from foreign countries would register their names in the academy in the near future, he added.

The DCMLA also distributed prizes among the cadets for their individual performances. The most coveted President's Gold Medal for best all round performance was awarded to Senior Cadet Captain Md. Abdul Baten. He also received BSC prize for best allround cadet.

Senior Cadet Captain Md. Mizanur Rahman received Ministry's Silver Medal for best nautical cadet and BSC prize for obtaining highest marks in professional subjects. The BSC prize for obtaining highest marks in Engineering Class went to leading cadet Rafiqul Islam who also got Ministry's Silver Medal for best engineering cadet while Senior Cadet Mohammad Sajek received academy prize for best allround player.

CSO: 4600/1415

ARTICLE REPORTS ON KHOMEYNI'S SECRET WILL

London AL-MAJALLAH in Arabic No 182, 6-12 Aug 83 pp 10-11

[Article by Amir Taheri: "Report on Content of Khomeyni's Secret Will and Struggle Over Succession"]

[Text] Three weeks ago Ayatollah Khomeyni wrote a "will" and submitted it to the Council of Experts, the religious group charged with choosing the successor to Khomeyni after his death. Khomeyni asked that the content of the will remain secret until after his death. Only two persons were familiar with it--his son Ahmad and his brother Ayatollah Mortazeh Pasandideh who suggested some modifications.

During the last 2 weeks Ahmad Khomeyni held a series of closed meetings with the leading members of the Council of Experts. By putting together the little information that leaked out of these meetings with what AL-MAJALLAH already knew, it was possible to draw a more or less clear picture of "Khomeyni's political testament." One of the prominent religious leaders who was present at the secret meetings with Ahmad Khomeyni described the will as a "move to recodify the constitution of the Islamic Republic." This is a phrase borrowed from a long editorial, as he says.

Others who met with Khomeyni's son stated that the will is characterized by a feeling of "bitterness." This is an expression from the soliloquy of a person whose hopes have been completely dashed, as one of the leading members of the Council of Experts says. The will consists of 30 pages of consecutive lines and was written by Ahmad himself in violet ink. Those who know the difficulty tha Ahmad has with written Farsi know full well that the will undoubtedly contains a number of transmission errors. It has Khomeyni's seal and thumbprint.

According to some members of the council, the will contains seven main items. In the first item, Khomeyni describes in detail the pre-eminent position that the religious leader must occupy in the Shi'ite sect and his absolute duty to replace the ruler in order to direct the affairs of the country. Khomeyni then asks for "absolute loyalty" to his successor whom, contrary to all the rumors, he has not named. He has left the matter of choosing him to the council itself, but he urges the faithful not to raise any questions but to show their loyalty by deeds and "blood" to the coming successor. Khomeyni then heaps

curses on his adversaries among the opponents of the Islamic Republic. He expects the fires of hell to be waiting for them. He also urges vigilance, alertness, and struggle against the hypocrites. He points in another item to the need to serve the "weak", considering this the number one priority and noting that the task has not been carried out up to now. Khomeyni then discusses another matter, namely, the need to export the Islamic revolution to the "whole world."

Khomeyni indirectly rejects the suggestion made by some of his supporters that he should continue to be regarded as the imam even after his death. Fakhreddin Hejazi, a member of the Islamic Council in Tehran, and 'Abbas Duzdüzani, former Minister of Islamic Guidance, undertook to advance this theory. They claimed that Khomeyni is the "incarnation of the Twelfth Imam" and that the "transfer of his body from this world to the other world" does not mean the "end of his mission." Khomeyni made it clear that his mission will end with his death and that it is incumbent upon the faithful to follow a "new faqih."

Khomeyni's son explained in a way that leaves no room for doubt that while he personally supports the election of Ayatollah Hoseyn Montazeri as his father's successor, his father did not pledge himself directly to any particular religious figure. Khomeyni is known to want Montazeri as his successor but at the same time would like the matter to be handled in a "natural way" by the unanimous vote of the council instead of by exerting pressure from above. He praises Montazeri highly but has never suggested that he be chosen as his successor.

It is possible, however, that the "natural way" will be followed as Khomeyni desires because more than half of the 68 members of the Council of Experts, the number of which may rise to 84, have the title of "hojjatollah" and oppose the idea of selecting an imam. They believe the faithful should be free to choose tradition as the authoritative source in accordance with the centuries-old inherited traditions. They note in this connection that Khomeyni himself was not elected or chosen. On the contrary, he stood out and "imposed himself" because the absent imam inspired the faithful to follow him at this very time."

Informed Iranian sources told AL-MAJALLAH it is certain that none of the major ayatollahs will consent to special measures to choose successors to Khomeyni. Likewise, no individual or group who will emerge from this council as the successor to Khomeyni will have the blessings and good wishes of the five major ayatollahs: Abol Qasem Musavi Kho'i in Najaf, Iraq, Mohammad Khunsari in Tehran, Mohammad Reza Musavi Golpayegani in Qom, Shehab ed-Din Hoseyni Marashi Najafi in Qom, and Kazem Shari'atmadari also in Qom.

The second most influential group of ayatollahs is also dominated by adversaries of Khomeyni. Ayatollah Hoseyn Tabataba'i Qomi and Ayatollah 'Abdollah Shirazi, both from Mashhad, openly rejected the role of Khomeyni as a "faqih" and it is clear that they will not recognize his successor either. Ayatollah Mohammad Taqi Qomi, now in Europe, is completely against men of religion involving themselves in politics while Ayatollah Baha'eddin Mahallati in Shiraz declared last year that he does not regard the Iranian Islamic Republic as "Islamic" at all. The Iranian

authorities refused Shari'atmadari's request for a passport to leave the country for "medical treatment" at the time when Shirazi was threatening to go into exile if Khomeyni tried to impose his successor on him.

Revolt of the Friday Prayer Leaders

These disputes extend to the lower ranks of the clergy since there is a kind of mounting revolt going on among the Friday prayer leaders in the mosques. In Isfahan, Ayatollah Taheri refused to carry out an order to resign from Khomeyni himself, declaring that as a Friday prayer leader he is working on behalf of the "absent imam" and not the government so that he cannot resign from his position.

Isfahan has become the third most populous Iranian city and the only place in which opponents of the regime conduct Friday prayers. For the last few months, the official Friday prayers conducted in Tabriz, Mashhad, Shiraz, and Kashan have been boycotted. This movement is now spreading to such small cities as Borujerd, Arak, and Kashmar.

Up to now the dissident Friday prayer leaders have formed a small minority among the thousands of leaders who are believed to control all the large Iranian cities and towns. Khomeyni has apparently decided not to have a direct confrontation with the dissidents, hoping their activity will die out spontaneously.

However, Khomeyni may prove that he misjudged (the situation), for in view of the prevailing trend it appears that the Islamic Republic, at least in its present form, will not last very long. Many religious leaders are trying to put some distance between themselves and the regime before it is too late. This explains the steadily increasing influence of the other prominent men of religion, especially Ayatollah Golpayegani who may emerge as a leader as soon as Khomeyni passes from the political scene.

The middle class has now begun to appeal openly for the men of religion to return to the mosques in their desire to straighten out the deteriorating economic situation. It is also certain that the army leaders and Revolutionary Guard are not prepared to pledge "absolute loyalty" to Khomeyni's successor who will in any case lack popular support.

Voice of the Poor

On another level, the poor have begun to express resentment at the regime which promised them much but delivered little. In the midst of demonstrations that broke out in Afsariyeh, an East Tehran suburb, shouts were heard calling for the return of the Shah. This disturbed the leaders of the regime. Then Prime Minister Mir Hoseyn Musavi Khamene'i rushed to the television station to announce special measures to keep the poor quiet because they have begun to raise their voices in protest. For the first time Khamene'i was forced to recognize a "certain longing for the past era." He said in this connection:

"The Shah provided you with material comforts but he corrupted your souls, but we are saving your souls by assuring you a place in paradise. Isn't this more important?"

The answer to this question was obviously "no", for small demonstrations continued not only in the town of Afsariyeh near the Iraqi border but also in the suburbs and other quarters of the poor in South and East Tehran.

The Opposition Abroad

The Iranian opposition in exile now appears to be more confident than before. There is the Front for Iranian Salvation led by former Prime Minister 'Ali 'Amini and the National Council for Resistance led by another former Prime Minister Shapur Bakhtiyar that combined to form the United Front for Combat. Secret negotiations are now going on to fashion a broader alliance that embraces the followers of former Minister of Defense Ahmad Madani and former President Abolqasem Bani-Sadr. Realistically, there is no hope of creating an official union of all the groups, but everyone believes in coordinating efforts, in not wasting energy in fighting one another, and in pledging themselves to overthrow the present Iranian regime as a first step toward shaping the country's future.

The important thing here is that all the main resistance leaders, including Mas'ud Rajavi, leader of the Mojahedin-e Khalq, have urged their followers to celebrate the 77th anniversary of the constitutional revolution later this month. This is the revolution that led to the separation between mosque and state in Iran, for all the opposition groups see in the legacy of the constitutional revolution a basis for the future unity of the Iranian people. Everyone wants to restore some or all of the values of the revolution, although some would prefer to do so through a republican regime while others would like a return to the monarchy as a basis of national unity.

However, the future form of the government will depend in any case on the ideas and views held by three forces within Iran--the army, most of the religious leaders discontented with Khomeyni, and the middle class centered in the bazaar.

The success or failure of the resistance in organizing broad support within the country to commemorate the anniversary of the constitutional revolution this month will very likely give us a picture of the direction in which the country may head in the coming months.

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CSO: 4604/35

ARMY COMMANDER DISCUSSES WAR, 'PURGE' IN KURDISH REGIONS

Tehran ETTELA'AT in Persian 11 Jul 83 p 3

[Text] Borujerd, ETTELA'AT reporter--Col Sayyad Shirazi, commander of the ground forces of the army of the Islamic Republic of Iran, who had travelled to Borujerd for the purpose of introducing the new commander of the engineering corps attended a press conference and replied to questions posed by reporters:

While praising and saluting the pure souls of martyrs and the Imam of the nation and the combatant nation of Iran, with respect to the Universal Day of Qods as well as the policy of the Islamic Republic of Iran concerning the dispute of Lebanon and the Zionist regime with Syria, the Palestinian combatants and the plane hijacking, he said as follows: The struggle we are engaged in is a struggle against the desires of the Great Satan, and today the combatants of Islam, pursuant to the rule of theocracy and becoming stronger, go forward until they show the power of Islam to the world and its peoples. The aim of our struggles is not only limited to the defeat of Saddam, but with the defeat of Saddam we shall teach an exemplary lesson to this devotee of the superpowers whose intention is to barricade our movement. With the defeat of Saddam we will lay the groundwork in which the oppressed nations of the world, especially the Muslims, will be inspired by our Allah-dependent movement and will have the ability to overthrow ungodly governments and achieve freedom and independence within their true meaning. The commander of the ground forces added:

On the horizon of our struggles there exists a great enemy named Israel, which has developed like a cancerous tumor and has become a base for the Great Satan, America, in the region. In addition, through a variety of conspiracies, it makes attempts to put Reagan's plan into effect so as to permanently annihilate the remaining Palestinian combatants. But this plan will not materialize. Similarly, our final victory and the further destabilization of ungodly governments, the usurper Israel will be besieged and either would have to surrender or to escape through the Mediterranean Sea.

Referring to the Universal Day of Qods, he said: We celebrated the Day of Qods by following the Imam of the nation, and we praise God that such worldwide

enthusiasm has been created. In the case of the plane hijack, it is clear that France and Kuwait are involved in this conspiracy, and this matter is of the same satanic deceptions and tricks which are in the process of being weakened and will be eliminated.

In connection with enemy blows which periodically take place and the confrontation of the Islamic combatants, the ground forces commander of the Islamic Republic stated: This problem stems out of Saddam's 'Aflaqi regime's intention to show by such steps that its dead and degenerated regime is still alive, and often they display acts which further causes them to build mounds from their human dead which for us is a kind of victory and success. They (the enemy blows) will not last long, and similarly when the Islamic combatants begin their true attacks for final blows, these apparently organized ranks (Iraqi regime) will be broken to pieces and annihilated, and Saddam will be non-existent. Then, Col Sayyad Shirazi in relation to the recent victories of the Islamic army in the Kurdistan region stated: The Islamic combatants which have always in the northwest, Kurdistan and western Azarbaijan fought and continue to fight against counterrevolutionaries and have been innocently martyred and disabled, this time, under the cover of the base of Hamzeh Seyyed ash-Shohada, as long as they have the opportunity to fight, will proceed to eradicate the roots of antirevolutionaries in the region by a military solution. The recent victories were the result of widespread attacks by combatants striving against blasphemy. Today small groups of Komeleh and Democrat and hypocrites are distressed and are fleeing from one to another corner. The Islamic combatants are in the process of a general mop-up to uproot the antirevolutionaries and place the deprived nations of Kurdistan and Azarbaijan under the protection of the Islamic Republic's blessings and prosperities.

The commander of the ground forces in connection with the five phases of the already implemented Operation Val-Fajr and the reasons for halting that operation explained: The purpose of the Operation Val-Fajr was not to occupy territory, but rather to annihilate enemy forces. The Islamic combatants began a widespread attack on the enemy and after crossing many obstacles engaged the enemy on the other side and annihilated it. These operations were the beginning of many Val-Fajr Operations and will continue until final victory. Similarly, the Operation Val-Fajr had certain shortcomings and military deficiencies. During the time that appeared to be a period of operational delay, we found the opportunity to reorganize and eliminate the deficiencies. The Val-Fajr operations will continue in total until the day when we achieve our legal rights in this combat.

The commander of the ground forces in connection with observing the Week of War in Luristan stated: In all aspects of our combat our Muslim nation has continuously aided us and with warcries of "War, war, until victory" and other slogans led us to our principal goal. Thus, we ask this combatant nation to strengthen us more in the battlefield, so that we may have greater power for continuing the struggle.

The commander of the ground forces in respect to the personality and valuable services of martyr Mohammad Borujerdi, stated: Martyr Borujerdi was one of the truthful and devoted figures of our revolution. He was one of the great

commanders of the army of Islam. During his stay in Kurdistan, Bakhtaran and West Azarbaijan he was a strengthening factor to the Islamic combatants. Owing to his eminent personality his presence is still felt by the combatants in the war zone, in particular at the base of Hamzeh Seyyed ash-Shohada. After the martyrdom of this great man the battlegrounds of right against falsehood have become more roaring, in order to follow his path.

Then Colonel Shirazi in connection with the situation of forces throughout the fronts stated; In the northwest region where the center of joint operations, i.e. the base of Hamzeh Seyyed ash-Shohada is situated, the combatants are fighting against small groups of antirevolutionaries and at the moment the fiercest battles are going on in the region and in the course of expanded operations in the region the enemy has been driven into a tight ring. In a general mop-up program underway, we are hoping to eliminate the antirevolutionaries forever in the region. Security in the region ought to be established through cooperation of all governmental institutions and organizations. In addition, we observe the image of the imposed war in other regions in which the combatants as a first priority guard the liberated territories and as a second priority, prepare themselves for combat and final victory.

The commander of the ground forces in connection with the rocket attacks by the Iraqi Ba'thist Zionist regime on the Nowrouz oil field, which is still in flames, said: In our jetty and harbor areas the enemy attempted several air-to-air and surface-to-surface rocket attacks which were quickly averted. But none of these conspiracies could alter our combat against them and soon such attacks will cease to exist. Then in connection with new operations of Islamic combatants in the fronts, the commander of the ground forces of the Islamic Republic stated:

The Islamic combatants' performance is not dependent on time and place, rather they feel obligated to fight the enemy under all conditions and at any time and whenever their preparedness has reached its fullest extent they will begin their operations.

The commander of the ground forces of the Islamic Republic then referred to the role of the Luristan combatant forces in the fronts as follows:

These combatants have always been observed in the frontlines as striving forces against blasphemy, they are very brave and sincere and continuously, shoulder to shoulder with other combatants they are acquiring honors. The solidarity and sincerity of the people of this region (Luristan), which has also been proven in the past, is blossoming evermore in the service of Islamic Republic.

In connection with the Qods battalions, the completion of the first 6-month phase and the inclusion of fresh units in these battalions, the commander of the ground forces stated:

The Qods battalion in its first phase was successful and its organization was established. At the completion of the first 6-month phase in a special

ceremony the battalion departed the fronts. The structure of the Qods battalions has remained among the public and whenever deemed necessary the first group will be recalled. In addition, the training of the new Qods battalions began on the 18th of Tir (9th of July) and will continue. In this manner the army of the Islamic Republic through strong ties with the combatant nation will strengthen its fighting abilities at the fronts.

At the end of the interview, the commander of the ground forces in connection with recent victories of Islamic combatants in the Sharhani front stated: The enemy, in the course of an operation of a ridiculous nature and exerting vain efforts, in the Sharhani region apparently initiated a blow which failed with mounds of casualties, and in this battle our combatants taught it a good lesson. It is important to ask why with so many losses of Saddam's followers and such high casualties no film was made and why Saddam where two prisoners are taken and with a booty of four arms embarks on a variety of propaganda? One of our problems is not having the necessary preparedness for real propaganda. Col Sayyad Shirazi continued: The enemy carried out eleven attacks in the Sharhani region and was suppressed in all. These attacks resulted in high casualties on their side with many booties gained by us. Our combatants, remaining firmer and stronger in their positions, await further attacks.

In addition the ETTELA'AT report from Borujerd indicates that Col Sayyad Shirazi participated in joint morning prayers ceremony of military and law enforcement units in the Corps of Engineers garrison of Borujerd.

After a brief statement concerning the imposed war and the people's solidarity with the combatants of Islam, while praising and appreciating the efforts and services of Col Ne'mati-Shoja', commander of the garrison, and Colonel Tafreshi, commander of the engineering group 411 of Borujerd, introduced to the personnel of the garrison Colonel 'Arefpur as commander of the garrison and Colonel Musavimanesh as the chief of engineering group 411 of Borujerd.

12407

CSO: 4640/278

PROPAGANDA STATUS CONSIDERED 'UNSATISFACTORY, SUPERFICIAL'

Tehran JOMHURI-YE ESLAMI in Persian 14 Jul 83 p 14

[Exclusive interview with Ayatollah Ahmad Jannati, member of the Council of Guardians [CF] and supervisor of the Islamic Propaganda Organization; place and date not given]

[Text] Existing publications are not adequate for our propaganda needs in these critical times;

These publications are unnecessary and better be replaced with one or two weighty publications;

Propaganda status is not satisfactory and what is done under propaganda is superficial;

Those who devote all their time to propaganda are very few;

Those who are engaged in propaganda are contemplating changes in the propaganda status in the not too distant future;

Those members of the Council of Guardians who are replaced by drawing lots, cannot be selected again.

Political Section of JUMHURI-YE ESLAMI

In an exclusive interview, Ayatollah Ahmad Jannati member of the Council of Guardians [CG] and supervisor of the Islamic Propaganda Organization [IPO] answered our reporter's questions regarding the country's propaganda problems and CG. First, with regard to propaganda status, Ayatollah Jannati said: "In the name of God, the compassionate, the merciful. Propaganda status is not desirable and satisfactory and what is done under propaganda is superficial per se, and for this reason it has not secured the Imam's satisfaction; nor has it managed to attract the attention of opinion leaders; and the main reason is that many of those who must engage in basic and constructive activities and must confront problems fundamentally, have been lost and many others have been drawn to other executive duties; and those who can devote all their

time to propaganda, and are free to do so, are very few, and as a result, more often than not, things are done in a superficial manner. Moreover, the existing publications do not satisfy our propaganda needs in these critical times when we are in need of radical propaganda, but in any case, those who are engaged in propaganda are contemplating changes in the propaganda status in the not too distant future, in a manner pleasing to God and to God's servants; and we hope to accomplish this in the future with the resolution and the help of friends and the aid of God, the exalted."

Multiplicity of Existing Publications

Then, in answer to our reporter who asked: "Does the IPO have any provisions for consolidation of numerous publications that exist now, including the internal bulletins of ministries and revolutionary organs, into one publication?" The acting head of IPO said: "Of course, this is not among the duties of IPO and it is outside its jurisdiction. Some of these functions concern Ministry of Guidance and are also discussed in the Majlis, and some questions were raised in this regard with the honorable minister of guidance; and other functions concern other proper authorities, and IPO does not play any role in this matter except for a guidance one. But in any case, both the warnings by the beloved Imam and the admonitions of friends and Majlis deputies and other well-meaning persons, combine to create a feeling that these publications are unnecessary and one has to plan for their removal and replacement with one or two weighty publications that are not repetitious and can satisfy our needs."

With regard to IPO's efforts to improve the propaganda situation, Ayatollah Jannati said: "In the past, before the revolution's victory, we had forces who were all free for cultural, propaganda and scientific activities and were engaged in such activities. But the revolution, by necessity, drew many of them to executive duties and thus a vacuum was created in that area; and until this vacuum is filled the situation will remain the same and it is not a remediable problem although one has to try. We believe that this vacuum must be filled as soon as possible and IPO is already busy working on it but because of scarcity of manpower we will remain in this situation for a long time to come."

Propaganda Abroad

With regard to IPO's supervision over propaganda trips of the groups sent from Iran, Ayatollah Jannati said: "Some of them are sent by IPO and are under its constant supervision. During the year tens of knowledgeable persons are sent to various countries for the purpose of propaganda and checking the conditions of Islamic societies and the propaganda situation in different areas, and they are necessarily under direct supervision of IPO. But IPO has no supervision whatsoever over those who are sent on such trips through other channels. Of course, the Policy Making and Foreign Propaganda Coordination Council supervises many of those who are sent abroad; that is, if a person's qualifications are not approved by it, he will not be allowed to go on a propaganda trip."

In answer to our reporter's request to explain the philosophy behind the requirement that six members of CG must be replaced 3 years after the start of the council's first term, Ayatollah Jannati, a council member, said: "I was not a member of the previous Assembly of Experts; but, bearing in mind that this requirement is provided for the first term only, the proceedings of the assembly show that if half-way through the 6-year term the six former members do not have the opportunity to share their experience with the six new members for the remaining 3 years, then all members may be replaced at the end of the 6-year term. And since the new members have no experience in this field, all the experience and the expertise of the original twelve members would be lost. This is why they have provided for the replacement of six members at the end of 3 years, so that the six new members can work with the six old members for 3 years and make use of their experience and expertise; then at the end of the first 6-year term the six old members will be replaced and the six members who were installed at the end of the first 3 years will remain and in this manner every 3 years six members will be replaced and expertise will not be lost."

Bills on the Present Agenda in CG

With regard to bills on the present agenda in CG, the council member added: "What is under study now is the bill for financial system and banking affairs policy and for usury-free activities, which will automatically revolutionize the banking system; and if successful, will be an innovation that other Islamic countries, if contemplating the abolition of usury, can adopt; and, God willing, a wrong tradition that is currently in use everywhere, i.e. earning interest on money in the form of usury, will be abolished with this innovation; and, God willing, this country that is supposed to become thoroughly Islamic, will also have an Islamic financial and banking system wherein the money holder is able to earn legitimate interest without his money being idle and losing its value; and also something that is religiously illegal, like usury that is considered to be one of the greatest sin by the Koran, can be abolished."

In the end, Ayatollah Jannati said: "I hope and pray to God that you and other servants of our revolutionary society may succeed in performing worthy services that are commensurable with the present revolutionary situation; and that, God willing, we may all succeed in paying our debts to our martyrs; and that for the sake of the pure martyrs of history who gave their blood to please God, our dear combatants may achieve final victory as soon as possible. And, God willing, we will see with our own eyes that our dear brothers who are warriors in the path of God, have prepared the background for the advent of the Mahdi [the 12th Imam], may God's peace be with him; and may God give the society of this century the good fortune of seeing the Imam of the Era [the 12th Imam], may God's peace be with him. May peace and God's benevolence be with you."

12386

CSO: 4640/279

EDITORIAL COMMENTS ON SAUDI 'FEARS, ANXIETIES'

Tehran KAYHAN INTERNATIONAL in English 8 Aug 83 p 2

[Editorial: "Why the Saudi Anxiety?"]

[Text] With the instances and testimonies raised in the previous articles, basically it became clear that Islamic Iran has never desired disunity between Muslims, and that, on the contrary, Iran is the torchbearer of unity.

Thus such accusations against Iran are utterly baseless and malicious; and Iran's innocence can be testified to by great Muslim ulema. Several prominent Muslim ulema have already come forward to defend Iran's rightful stance and have condemned the insidious attitude of the Saudi Arabian regime against the Iranian Hajis (pilgrims). The Saudi officials have most certainly noted the displeasure of the ulema and Friday Prayer leaders in Washington, Lebanon and other countries in this regard. And many more such protests from Muslim Ulema around the world are expected to be forthcoming.

We wish to ask the Saudi officials the following questions:

- a) Did the Iranian Hajis chant, "Death to Saudi Arabia" during last year's Hajj proceedings?
- b) Did the Iranian Hajis carry out sporadic or undisciplined protests?
- c) Is it not true that in their processions, the Iranian Hajis observed the most peaceful, disciplined and normal tactics?

We do not think that these facts can be denied. What then is the real cause of your (Saudi Arabia) aggressive attitude? What are you (Saudi Arabia) afraid of? You (Saudi Arabia) consider yourselves as the leader in the struggle against Zionism and usurper Israel. You (Saudi Arabia) support the Palestinian cause. Why is it then that during Israel's savage and brutal aggression on Lebanon last year, you (Saudi Arabia) arrested and imprisoned the revolutionary Muslims who protested against that aggression and genocidal atrocity in Lebanon? If you (Saudi monarchs) are afraid of losing your throne, you know very well that the Iranian and non-Iranian Hajis are not concerned with it. The Muslim Hajis are not bothered with the Khalifeh's Harem and that of the princes.

The Muslims know that after the fall of the Shah's regime Saudi Arabia became the biggest U.S. base in the Middle East and they know at whose and what cost Saudi oil production has risen so incredibly. Nevertheless, the Muslim Hajis will not bother you, because they do not believe in interfering in others' affairs. What are you (Saudi Arabia) afraid of? The Iranian Hajis want to convey the message of their innocence to the Muslims and the leaders of Islam. They are concerned with Israel and its masters. The allegation by Saudi officials that Iranian Hajis carry arms is the meanest allegation against Muslims. The house of God and the Prophet's mausoleum are places of peace and security. It is utterly foolish to think that the Hajis want to shoot at Israel from the house of God. If Iran is planning to open the way to Qods through Karbala, it is Iraq's fault. Who forced Saddam to attack Iran and block our way to Qods?

Iran will never attack or initiate war against any country. That is why the Iranian Hajis do not chant slogans against Saudi Arabia but against the U.S., the U.S.S.R. and Israel. In other words, Iran wants to unite all Muslims against blasphemy, dissension and aggression--such as Israeli aggression in Lebanon, the U.S. aggression in Nicaragua, the Soviet aggression in Afghanistan and the Iraqi aggression in Iran. We don't wish to turn the house of God into an armed base against Israeli targets. Only idiots and traitors could think so.

Why then are you afraid of the Muslim complaints against the tyrannies of Israel? Hajj proceedings are the most politicized and socialized of Muslim rites, so that an individual voice at prayer is turned into a colossal voice of humanity, and God desires it thus. The Prophet of Islam (S.A.W.S.) revealed the surah (chapter) of Towbeh in Mecca during the Hajj proceedings and chanted death to Kafirs, aggressors and infidels. The surah of Towbeh is a hard hitting political and military declaration and an ultimatum. It is the only surah that does not begin with "Bismellah" (In the name of God) and is a harsh, determined and angry political statement.

What has become of the Saudi Arabians? Don't they listen to Qur'an? Are they as indifferent in this regard as they are regarding the sacrificial animals in Manna wherein the animal carcasses are left in the blazing sun or buried?

IRAN-JAPAN TALKS DESCRIBED AS 'VERY POSITIVE, FRUITFUL'

Tehran KAYHAN INTERNATIONAL in English 10 Aug 83 p 2

[Text]

TEHRAN, Aug 9 (IRNA) — Japanese Foreign Minister Shintaro Abe left here Monday after a three-day official visit to the Islamic Republic of Iran. Before his departure the Japanese minister described as "very fruitful" the results of his short stay here. He told reporters that he had closely witnessed the post-revolutionary achievements in Iran as well as the Iranian people's endeavors to create a new and stable country. He maintained that the Iranians owe this blessing to the wise leadership of Imam Khomeini.

Abe said that he would convey the Iranian people's messages and sentiments to the Japanese people.

Pointing to his meetings with top-ranking Iranian authorities, the Japanese foreign minister stated that he had been informed of the stands and viewpoints of the Iranian government concerning the Iraqi imposed war, foreign policy and the "Neither East nor West" dictum. He said "I understood these views very well and respect them."

Reiterating Japan's interest for expanding mutually rewarding ties with Iran in political, economic and cultural fields, the Japanese minister stressed that on this basis Japan will have wide cooperation in economic rehabilitation as well as assist the five-year development projects of the Islamic Republic.

In conclusion Shintaro Abe thanked the Iranian people and government for their warm hospitality.

At the Mehrabad airport, the Japanese foreign minister was seen off by his Iranian counterpart, Dr. Ali Akbar Velayati, as

well as a group of foreign ministry officials.

Meanwhile, the Iranian foreign minister, in an interview, reaffirmed that Abe's visit to Iran was very "positive and constructive" with regard to the expansion and strengthening of mutual ties between the two countries.

The major issues discussed during the Japanese foreign minister's stay here, said Velayati, centered on trade, economic and industrial cooperation between the two countries. He also said that Iran and Japan plan to have fruitful cooperation in the fields of agriculture and fisheries. In petrochemical field, he said, necessary agreements have been concluded between Iran's oil ministry and Japanese officials.

Regarding political and international topics discussed between the two sides, Foreign Minister Velayati said the Islamic Republic's decisive stand in continuing its war against the Iraqi regime "until the fulfillment of our rights" was reemphasized and that "on the whole, the talks were very positive and fruitful."

Referring to the concern shown by certain neighbor countries in connection with the recent victories of the Islamic combatants in the battlefronts and the propaganda warfare launched by the imperialist mass media, the foreign minister once again assured them that they should not fear the Islamic Republic. He added that Iran favored friendly ties and peaceful coexistence with all its neighbors and that "We have no intention of interfering in the internal affairs of any country."

INTERNATIONAL AIRPORT INAUGURATED IN ESFAHAN

Tehran NAHIE-E AZADI in Persian 3 Aug 83 p 4

[Text] On the day of 'Id Fitr, the international airport of Esfahan was inaugurated during a glorious ceremony attended by government officials and other personalities.

This airport, which is one of the largest in the Middle East, is equipped with aviation facilities and full communications and is able to receive on each of its two runways every type of aircraft every two minutes.

This airport has full facilities for a passenger terminal, as well as telephone equipment for international calls, and also a baggage transfer area.

Completion and construction activities at the Esfahan international airport were implemented in less than one year, and fire-fighting buildings, a mosque, a technical workshop, customs warehouses and airline companies and a water tower are among other construction projects of this airport that are being erected.

It is expected that this year the transfer of the Hajj pilgrims from the Esfahan region will take place from this airport.

We hope the airport will have a promising future.

C50: 4640/325

PEACOCK THRONE THIEF APPREHENDED; GOODS RECOVERED

Tehran NAHIB-E AZADI in Persian 3 Aug 83 p 2

[Article: "According to Koranic Law, Thief's Hand Should Be Cut Off"]

[Text] A violent expert thief known as Fowzi, who has numerous theft records, and who had stolen part of the Peacock Throne (Naderi) in the Golestan Palace at the time of the victory of the revolution, was caught after 4 years and the stolen part was found and confiscated. The officials in charge of the Golestan Palace announced this in the course of a report to the central criminal investigation department, together with the news about the theft of the above mentioned part.

The authorities had carried out a widespread investigation to find this part, which is worth millions of tomans. Persons dealing in buying and selling and in the export of antiques and of precious and costly goods were put under surveillance by the authorities and following months of investigation and search, Fowzi was arrested in connection with this affair.

In the investigation that was carried out about this person, it became clear that he had hidden these antiques in his residence located on Vali 'Asr Street, and that he intended to take them out of the country.

Accompanied by Fowzi, the above authorities went to the cache of the antiques and transferred them to the investigation department, together with 18 precious and costly rugs that had been stolen and were in his house. Thus the officials became instrumental in stopping the exit of these costly antiques.

Shouldn't the hand of this thief be cut off, according to the verses of the Koran? At least, the part of his hand that committed the crime....

CSO: 4640/325

LEADERSHIP VACUUM IN SOCIETY ANALYZED

Karachi DAWN in English 9 Aug 83 pp 7, 12

[Article entitled: "Why Are New Leaders Not Emerging in Pakistan"]

[Text]

POLITICAL analysts have been lamenting that new leaders are not emerging in Pakistan to take over from the old. And the public rhymes with them readily.

Such lament has become all the more pronounced following the political vacuum of the last six years. Attempts made to break the impasse have been too feeble, and wholly ineffective.

While President Zia-ul-Haq has been asserting that general elections are not an end in themselves but only the means to an end, and "that end should be positive," political leaders were not able to create the kind of climate in which such elections would have become imperative. If they had, elections would have been held in October, 1977, or November, 1979, as announced earlier by President Zia instead of being put off indefinitely. Today instead of moving towards general elections, the parties find themselves split on the issue of Local Bodies elections.

A major reason for this failure is the prevalence of too many political parties, about 12 of them and a number of quasi-parties or religious groups that suddenly become politically active and then retreat to their shells. Many of these parties, unless too small, are divided in spite of the legal suspension they are under because of the personal ambitions of their leaders or differences among them.

Three parties

When we have three political parties in the name of Islam, not to talk of the lesser ones, and three Muslim Leagues the people are bound to be baffled and ask far more questions than they get answers for. When differences among political leaders result in either parallel parties or setting up of new parties, however small or symbolic, they cannot come together to serve the nation collectively.

Sometimes the ideological orientations of the leaders of the same party are clearly at variance when they live in Lahore or Karachi. The Jamaat-i-Islami and the Jamiatul Ulema-i-Pakistan provide the best examples now.

If many of the leaders are not able to come to grips with the current grim reality, they are not able to look ahead and realise the challenges of the future. It is not enough if they manage to have a political structure acceptable to themselves. They have also to act together to meet the economic, social and cultural challenges of the future in a country with a large population and a high rate of population growth, and a very low real per capita income in contrast to the soaring expectations of the people and their conspicuous consumption.

Crossing floor

Leaders in Pakistan have changed parties or set up new parties but have remained the

same. And laws banning crossing the floor in the assemblies have never been effective. The guilt is collective.

President Zia ul Haq says that he does not want the end of the present martial law regime to be followed soon after that by a fourth martial law. That would be calamitous, he asserts. So would be the prolongation of the present one. If the end of the present martial law rule is imperative, so is the emergence of a constitutional structure and political climate that will bar a fourth martial law in any form.

If the old leaders have failed to deliver the goods so far, and we are often treated to distressing display of verbal duels between them, why are not new leaders coming up to take the place of the old? This question is anxiously asked by a great many people and the answers they are getting are despairing.

The principal reasons the 25 years of authoritarian rule in the country, except for a brief interval. In a country where political parties are banned most of the time, political activities are forbidden and their funds are frozen, new leaders do not give the normal political means to show up.

Secondly, new leaders are produced by general elections. While we had only one general elections in 1970 — the results of which were acceptable to all, the second elections of 1977 led to a major controversy, agitation and final imposition of martial law. The earlier elections were indirect, and direct elections were held only to provincial assemblies. Even in respect of the general elections of 1970, while the electoral results were accepted, the political verdict was not. Hence the war of 1971 and loss of East Pakistan.

If there were no direct elections to the National Assembly prior to 1970, at the grass roots level to there were no local bodies elections for 15 years prior to 1980. If we had regular elections to the union councils, district councils, municipalities and metropolitan corporations, new leadership with experience of administration and first hand knowledge of the realities of the country would have come up.

We didn't have that either. Otherwise successful mayors of Karachi, Lahore, Peshawar etc would have become capable Federal Ministers or Chief Ministers.

Party elections

If there was an electoral blight at the top and bottom at the official level, most of the political parties did not have party elections either. And when political parties were banned for long periods the same party leaders continued merrily. And when some of the parties had elections the same leaders at the top were automatically reconfirmed because of their hold on the parties. So democracy within the parties has been sadly lacking. Dissidents in such parties left and set up new small parties.

When the general elections of 1970 were held new leaders did spring up all over the country. Nowhere was that more conspicuous than in the Punjab where the all-too-powerful feudal set-up had a tremendous setback. New leaders emerged in Sind, Frontier and Baluchistan too. But if the Prime Minister who was also the party chief, had given greater autonomy to them as well as larger freedom to the opposition, these leaders might have shaped up well, at least the better among them. But that was not to be. And soon a new crop the old leaders came up in the party to take over from the post-election leaders.

It is imperative that party and state leaders should be separate if new leaders have to come up and bloom. Otherwise the dual authority of a top leader would smother democracy in the state and freedom within his party.

Economic deterrents

Economic deterrents to the emergence of new leaders are powerful. To begin with, the feudal lords are too resourceful at the party and state level that any new leader would come into conflict with them rightaway. So any new leader wanting to fight elections, from the union council to the National Assembly, has to be rich. But even among the rich, captains of industry or chiefs of larger commercial houses have not shown in-

terest in politics. Money can get them what they want.

In our inflationary conditions, it takes a good deal of money to be a leader even without contesting the elections. He has to have a car to just move around, and that, on the basis of two gallons of petrol a day, and minimum maintenance, will cost Rs. 3,000 per month. Even for the humblest leader, rent will cost more than Rs 2,000 per month. Then there are living expenses. Where does he get all this money?

Even if a person spends a good deal of money and gets ready for general elections, there is no certainty the elections will be held. That was seen in October, 1977, and November, 1979. And even if elections were held as in March, 1977, their outcome could be rejected, as happened in July, 1977, when martial law was imposed. So only the rich who can afford to lose vast sums in the costly elections can play the electoral game in Pakistan.

The hopelessness of a political life as well as its high cost and the need to confront the feudal giant in many places are making more and more to succumb to the lure of Dubai and other oil money places or seek jobs in Britain, USA or Canada. When there is so much money to be made abroad they don't like sitting around waiting for democracy to return to make them leaders.

And instead of becoming leaders with its hazards young men are choosing to become chartered accountants, cost accountants, MBAs and commerce graduates with its large rewards. Even the University Grants Commission has complained bitterly that students are preferring IBA courses to science. If inflation and conspicuous consumption are compelling them to take to that road they cannot be blamed.

If, brushing aside all these compulsions and temptations, a young man chooses to be a leader how can he make himself felt when public meetings are banned, and he can't publish books, pamphlets and articles of his choice and radio and TV are barred for him? No wonder such enterprising men go to Dubai or IBA.

GOVERNMENT'S POLICY OF 'CULTURAL ISOLATION' CRITICIZED

Karachi DAWN in English 11, 12 Aug 83 Magazine p IV

[Article by Zafar Samdani]

[Text]

Should Pakistan move with the times or live in cultural isolation? This question is not normally to be asked, but given the peculiar practices and strange contours of our policy, it has become a pertinent one.

Successive governments, irrespective of their political hue and content, have coerced the country into submitting to an impractical and impracticable existence in an age when the world has shunk.

An explosion has been witnessed in the field of communications and exposure to international developments is incorporated in the daily drill of life. Nevertheless, four governments of Pakistan have pursued with single mindedness the retarded policies whose very formulation demonstrates an unbelievable lack of awareness of reality.

This was my conclusion after a recent discussion in which it was pointed out that Pakistan has had only one international film festival since the country came into being. That was as far back as 1965.

Since then we have seen and experienced practically every kind of event, election, war, division, changes in government, inflation, devaluation of rupees and disassociation from dollar, withdrawal from some pacts and Commonwealth, influx of refugees, boom in drug trade, drug abuse and whatever you can think off. But not a film festival.

And the one, and only occasion

when contemporary classics on celluloid were shown to limited audiences in Pakistan, the event was organised by a non-government group. Eighteen years after, it is trying to repeat the performance but finding it tougher going.

It is a group called the Film Institute of Pakistan (FIP) which proposed the holding of a fifteen-nation film festival in Pakistan with a view to acquainting local audiences with the latest work in the field of cinema. They intended to show films that are rated as modern classics. That was in February. There has been some correspondence since then but no positive development.

NAFDEC

The National Film Development Corporation (NAFDEC) did endeavour to fill the needs of such people who regard cinema as a highly refined and creative art by setting up film clubs in the main centres of the country to show selected films to club members.

For a while, top class movies from all over the world were available to those who took the medium seriously, and the reluctance of the Government to hold a festival for generally promoting the local film industry and helping it improve, became covered by a convincing device. It is also possible that the Government was not reluctant to organise such a show but its culture clerks never thought of this possibility.

But then the affairs of NAFDEC turned into a huge scandal and the Government did what is the want of

governments in such situations. It spilled the water and retained the leaking bucket. Film Clubs, the only service the organisation was performing, were disbanded and NAFDEC was converted into some kind of a go-between agency, allocated non-professional assignments and allowed to exist uselessly.

Well, that is history. The latest is that FIP wants to organise an international film festival and the Government has not yet said no, but has not agreed to it either. It is playing the game clerks are best qualified to play: instead of taking decisions, just go on making queries. That way you will never be accused of blocking a proposal and the proposal will never be implemented.

So, far, there have been numerous queries from the Ministry of Culture relating to the list of members of the governing body, aims and objects of the organisation, its sources of income, its financial position, rules and regulations for the proposed festival.

Needless to say that FIP has furnished the information. Apparently it is serious about the international show. The last information was provided to the Government towards the end of May this year. From then on it has been silence on the official cultural front.

Evidently, the case is complete and some one is now required to put a stamp on the papers, take a decision one way or the other. But it could well be a serious enough matter to go up to the Cabinet.

There is precedence for that: a decision regarding release in Pakistan of the Pakistani film *Doosra Kinara* has already reached that level. The 'case' even came up for consideration once but is said to have been flippantly brushed aside by a very high official. Now, one believes, it is on the pending lists. These are, after all, affairs of the state and must consequently be accorded the correct treatment at the appropriate level of leadership.

No festival

I do not think there are very many chances of the Government agreeing to the holding of the festival despite the fact that the list of proposed participants is fairly representative of film-making nations of the world. If another few countries such as Bangladesh, Iran, Iraq, Indonesia, Malaysia and Sri Lanka were added, it could comprehensively reflect the world scene, and also become a major event in Asia. And even if a private group was the organiser, it could still be an achievement for the Government.

Still, I believe the festival is unlikely to take place, because it will tend to promote the profession of filmmaking in Pakistan while all the policies of the Government, as seen through the acts of various agencies vested with relevant responsibilities, unambiguously demonstrate that the aim is exactly the opposite.

NEW APPROACH TO POPULATION PLANNING LAUDED

Karachi DAWN in English 5 Aug 83 p 15

[Editorial: "Population Planning: a Bolder Approach"]

[Text]

THE MOVE to transfer the field activities of the Population Welfare Programme to the Provincial Governments is in line with the new approach adopted by the Government towards population planning in Pakistan. But it does appear a bit strange that this move should have come two years after the three-year Population Welfare Plan has been in force. Under this plan the Government has sought to move away from the narrow administrative and clinical concept of family planning to a multi-sectoral integrated strategy which seeks to reduce the population growth rate by raising the level of human development, especially of women in the child-bearing age group. Since population planning is now sought to be promoted as a part of social welfare activities with the support of local bodies leaders, it is but logical that the Provincial Governments be entrusted with its implementation. The decision to retain for the Federal Government functions pertaining to national policy, planning and coordination, information, training, research monitoring and foreign assistance is also a correct one. These subjects ought to be dealt with at the national level if duplication of efforts and confu-

sion of purposes are to be avoided.

Although the move is essentially of an administrative nature, it is bound to have an impact on the population welfare programme. However, it is doubtful whether such administrative moves by themselves will give the population programme the fillip it needs to achieve the demographic goals laid down by the planners. According to the population projections made in the Sixth Five-Year Plan, the zero growth rate should be reached in the year 2190. Given the current population growth rate of 2.8 per cent and the failure of our population planners to overcome socio-cultural resistance to birth control measures, the targets laid down for the next two decades appear to be too ambitious and unrealistic. In the first place, the indirect approach adopted by the Government under the Population Welfare Plan does not appear to be making the impact which is necessary if the population growth rate has to be slowed down. It is not to be doubted that there is a direct link between fertility levels and income, education, nutrition, health and employment of women. While it has definite advantages in a society steeped in

ignorance and superstition, the broader integrated approach can succeed only if massive funds are channelled into social welfare programmes so that the level of human development shows a marked improvement within a short span of time. In this respect our experience has not been a very happy one. Thus, under the Fifth Five-Year Plan a sum of Rs 1.8 billion was to be spent on population planning. Only Rs 884 million were allocated and Rs 691 million were actually spent. The Sixth Plan has again earmarked Rs 1.8 billion for population welfare, but for the current year only Rs 273 million have been allocated. How much will be spent is difficult to say, for in 1982-83 the budgetary allocation was revised downwards from Rs 190 million to Rs 177 million. The Government's lack of political commitment to the programme is more than evident from its failure to allocate from its own resources sufficient funds for population planning. Of the amount spent on this sector, more than a third is provided by foreign Governments and agencies. This year the foreign aid component will exceed the national contribution by Rs 65 million while the Government's own contribution has gone down by Rs 13 million over what it was in 1982-83.

The Government's decision to abandon the micro approach

altogether has been regrettable. The Government should have combined with its strategy of raising the levels of socio-economic development of the people the direct approach to family planning. Where the barriers have already been broken, it is not so much a question of motivation and persuasion. What is needed is access to clinical advice coupled with availability of contraceptive devices at subsidised costs. The contraceptive performance record of the last six years speaks for itself. Except in the case of contraceptive surgery, the use of all other measures has declined as compared to the level achieved in 1976-77. The impact of this on the demographic scene will only be known later when the population growth rate for these years is calculated. If the country is not to be faced with a crisis of serious proportions, it is important that the Government adopts a bolder approach to population planning by combining a number of strategies. Many countries have adopted programmes of incentives and disincentives which have never been tried here. So long as the approach is persuasive and not coercive, a number of strategies should be given a try. In any case the shyness which has marked the Government's attitude towards population planning must be done away with if growth in the national economy is not to be neutralised by a galloping birth rate.

KARACHI'S LINGERING CRISES DEPLORED

Karachi DAWN in English 6 Aug 83 p 15

[Editorial: "Karachi: From Crisis to Crisis"]

[Text]

WHEN growth outstrips planning, crisis comes to be equated with normality. Such has been the pace and nature of urbanisation in Pakistan that its major cities have been left wobbling in a sea of problems. Being the largest city in the country and also the strongest magnet for rural migrants, Karachi has come to symbolise our urban crisis. It has some unique features which make its problems and predicaments a matter of larger national concern. Hence the repeated endeavours to improve its civic management. The latest in this series is the plan a special Planning Commission team has to work out within three months for the improvement of public services and civic amenities in Karachi. The initiative was announced by the Federal Minister for Planning and Development after discussions with the Sind Governor. Once again, the scheme reflects a sense of emergency because it would tend to supersede the plans incorporated in the municipal, provincial and Federal budgets, the Sixth Plan and stipulations made by different agencies such as the KDA and the KESC. At one level, then, the obvious need to rethink strategies to solve Karachi's problems also reflects the fai-

lure of numerous previous attempts to improve the situation.

While action imperatives have often been defined in an impressive manner, lack of resources have stood in the way of Karachi's salvation in a civic sense. The Sind Governor is stated to have spoken to the Federal Minister for Planning and Development on revised allocations for the province under the Sixth Plan. Pointing to the inadequacy of the Rs 10.08 billion plan for the province, the Governor is said to have made a case for increased allocations in respect of certain target areas, specifically referring to Karachi's requirements in the fields of water supply, sewerage, sanitation, transport and physical planning. It is reassuring to learn that the Federal Minister endorsed this assessment and revealed that a special programme for Karachi would be presented to the aid consortium in the next four months. However, it is somewhat disconcerting to realise that even urgent improvements in Karachi's public services would be dependent upon foreign assistance. It is not easy to judge whether the inability to meet Karachi's priority requirements with our own means is the result of any weak-

ness in our planning or of lack of commitment to urban renewal. The eager search for foreign assistance to push our development plans of a routine nature may sometimes serve as a defensive mechanism, justifying our sense of helplessness in dealing with emergencies. The Minister has said that the financial aspects of the special plan to be ready in three months will be covered through all the available sources — self-help at local level, contributions by the provincial and Federal governments and international aid. At the same time he agreed that the problems of Karachi could not be tackled by the Sind Government alone, adding that the Centre owed an obligation to relieve growing pressures on the civic life of the country's premier city. Ostensibly, even the centre is not able to do much because the Federal Minister agreed that the Sixth Plan allocation for Sind "is totally inadequate to meet Karachi's special requirements".

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It is interesting to note that these candid observations have come exactly at the end of KDA's week-long celebrations of its Silver Jubilee. The occasion was marked by self-congratulatory assessments of the progress made in urban development in the past twenty-five years. But the fact is that planning in its real sense has eluded most cities. Other urban nightmares are in the making such as Lahore, Faisalabad and Hyderabad. Urban decay manifests itself not only in the

breakdown of civic services but also in the constant erosion of the quality of city-dwellers' life. Rural migration has compounded this situation. The Federal Minister was right in stating that Karachi presented a "unique position" in the sense that it receives a major influx of population from up-country. The city has, for years, been growing at a rate much higher than the country's population. It is also the commercial and industrial capital of the nation and the only port city. In many ways, it is the microcosm of the nation. Demographically, too, it represents the country. Hence Karachi's problems have to be placed quite high on the national agenda. Karachi is overwhelmingly the city of the poor. Hundreds of thousands of its citizens live in slums — without water supply, electricity, sewerage, schools and hospitals. Its elitist growth has created obscene distortions — private cars, for instance, have multiplied at the expense of public transport. So obvious are the areas of darkness that the Planning Commission team should not find it difficult to earmark sectors requiring urgent attention and to suggest strategies to improve them. Water supply should naturally be the first priority. Karachi at present requires 365 million gallons a day and is getting only 294 million gallons — ten per cent of which is lost in distribution. Electricity is the next imperative. Karachi's economy has been seriously handicapped because of the energy shortage. To add to this injury,

industrial — consumers in Karachi have to pay higher rates than their colleagues elsewhere. Transport is supposed to be the primary mark of distinction of an urban community. In Karachi, transport is the dominating source of misery and symbolises the short-sightedness of urban planners. We have for years been advocating the need for a subway since without a rapid transit system a large city cannot survive. It is a project which could take more than a decade but the planners don't seem to realise that they do not have much time to lose. We hope that the authorities will realise this crucial issue now. What else? Well, the problems are so numerous that it is not easy to tabulate them in any order. There is sewerage and refuse disposal, housing, education and medical care. Environmental issues often tend to be relegated to secondary importance yet they define the quality of life in a city. Karachi needs its open spaces, parks, playing fields and avenues for healthy entertainment. It also needs cultural planning and social cohesion. In short, the various demands that urbanisation imposes upon human ingenuity and enterprise have to be met in a gratifying manner. In solving Karachi's problems we essentially face the challenge of modernisation. That is why our failure in this area could jeopardise the very cause of national development and progress.

PNP PLEDGES COOPERATION IN MRD FIGHT

Karachi DAWN in English 9 Aug 83 p 12

[Text]

The Central Working Committee of the defunct Pakistan National Party (PNP) on Monday resolved to take part in the movement for the "lifting of Martial Law, holding of general elections under the principle of one-man-one-vote, restoration of fundamental rights and civil liberties and transfer of power to the elected representatives of the people."

The Committee, at its two-day session in Karachi, had a wide-ranging review of the situation in the country and noted with "deep concern" at the "near-disaster state of affairs."

Dubbing the Local Bodies' polls as a "diversionary move," the Committee decided not to participate in these elections "which are a mere hoax."

Releasing a number of resolutions affecting the welfare of a cross-section of society, the Committee demanded:

— Restoration of the workers' right to strike, complete freedom of the Press, and equal rights for women, and of the right of lawyers, teachers, doctors, engineers and other professional sections to freely struggle for their legitimate rights.

— Stoppage of the ejection of peasants.

— End of government interference in educational institutions and withdrawal of rustication orders.

— Release of all political prisoners, including students, labour leaders and others, and withdrawal of all cases against them and withdrawal of all restrictions on the movement of political leaders.

The PNP Executive, in a resolution on the Afghanistan issue, urged that Pakistan initiate direct negotiations with the Kabul regime to "solve all mutual problems on the basis of positive non-alignment and non-interference in each other's internal affairs."

Its another resolution called for the "severance of all unequal political, military and economic ties."

In the economic field the Executive alleged that Pakistan had been turned into a "neo-colonial market." The Pakistani rupee, in its view, had become the cheapest currency in the world because of "dictation by the World Bank and the International Monetary Fund (IMF)."

Besides, it opined that the withdrawal of subsidies on essential

items of public consumption, increase in the charges of public utility services and other price increases had made the economy "subservient to the interests of multi-national corporations, on the one hand and the feudals and capitalists, on the other."

On the international front, the Committee thought Pakistan was being "pushed deeper and deeper into the imperialist trap." In its view the Geneva talks for a political settlement with Afghanistan were being "sabotaged" at the bidding of a foreign power.

The PNP executive deplored the recent firing incident in Mehran University, Jamshoro, cases of the rustication of students in Sind, NWFP, Baluchistan and the Punjab, of police intervention in the campuses. It also slated the reported move to ban the students unions.

It cited latest incidents in Baluchistan's Pat Feeder area, in Hashtnagar, NWFP, and other parts of Sind where the peasants were being forcibly ejected from the land and demanded that "such excesses" should stop.

CSO: 4600/845

LEADER CRITICIZES 'MUD-SLINGING' BY PPP LEADERSHIP

Karachi DAWN in English 9 Aug 83 p 3

[Text]

MUZAFFARGARH, Aug 8: Begum Nusrat Bhutto has not ratified so far the decision of the Steering Committee of PPP to participate in Local Bodies elections as she disliked every system of the present Martial Law Government.

Sahibzada Farooq Ali Khan, former Speaker and Senior Vice-President of PPP said today that he never defied Party discipline and manifesto as he loves the Peoples Party.

He said that mud-slinging against him by the present leadership forced him to clear his position and viewpoint through Press, otherwise, he disliked discussing Party affairs in public.

Sahibzada said that he had opposed the policy of Sardar Farooq Leghari, acting Secretary-General of PPP as he called on Prof Ghafoor Ahmed in Mansoor and wanted to

cooperate with those parties whose hands were stained with the blood of late Bhutto.

Sahibzada said that some so-called Islam-loving parties had no roots in the masses as these were rejected by the people many times.

He made it clear that Begum Nusrat Bhutto was life Chairman of PPP and no new Chairman can be elected in her life and the statement of Farooq Leghari in this connection was misleading and contrary to the decision of the Central Committee.

He reiterated that PPP was a political party and it should not participate in local bodies elections and it should be left to the people.

In reply to a question, Sahibzada said that no one other than the Chairman of PPP could suspend or oust him.—PPI

CSO: 4600/845

PPP DECIDES NOT TO TAKE PART IN LOCAL ELECTIONS

Karachi DAWN in English 9 Aug 83 pp 1, 3

[Text]

The Steering Committee of the defunct Pakistan People's Party on Monday decided not to participate in the forthcoming elections to the Local Bodies.

The Committee, which met at the residence of Mr Ghulam Mustafa Jatoi in Karachi, had earlier stuck to its decision in favour of the LB polls and in opposition to the MRD's stand. Yesterday, however, it reversed its position in view of the Local Bodies' rules framed in the provinces of NWFP and Baluchistan.

A resolution adopted by the Committee said that as a consequence of application of the new LB rules about 12,000 nomination papers out of 1409 constituencies of the candidates had been "arbitrarily rejected on the pretext of having affiliations with the PPP".

"In such a situation", it added, "people have been left with no choice to vote for a candidate of their confidence".

The Steering Committee also criticised a latest Ordinance whereby the aggrieved candidates have been debarred from filing appeal in a court of law. "This makes us believe that similar practices would be followed in other provinces", it observed.

The resolution added: "All these manipulations expose the malafide intentions of the ruling Junta, who intend and have made designs to rig the elections in a massive way so as to prevent true representation of the people even at the lowest tier".

"This situation leaves the PPP with no option but to review its earlier decision.

"The Steering Committee has, therefore, decided that the Pakistan Peoples Party will not participate in the forthcoming Local Bodies' elections".

The committee appealed to its workers to "extend whole-hearted support and participation fully in the civil disobedience movement starting from Aug. 14 for the revival of 1973 Constitution, restoration of democracy and end of Martial Law".

Later, briefing the newsmen Mr Jatoi explained that the Steering Committee had decided to take part in the LB polls much before the framing of the new LB rules and the government's directives from time to time.

But, now with the "wholesale rejection" of the nomination papers of the defunct PPP sympathisers and the right of appeal also taken

away, it had become clear that the LB polls would be "nothing but a farce".

He said he would like to "register my strong protest" at "this massive rigging" of elections even at the lowest tier.

The Steering Committee will resume its session today at which the PPP's organisational matters will be discussed in the context of the MRD's projected movement.

The Committee's decision was formally communicated by Mr Jatoi to the MRD Central Action Committee which met at his residence last night. There was quite a jubilation in the MRD circles, with the Secretary-General, Khwaja Khairuddin saying "I am very happy to see the PPP falling in line with us (MRD)".

NWFP IJT PRESENTS CHARTER OF DEMANDS

Karachi DAWN in English 10 Aug 83 p 4

[Text]

PESHAWAR, Aug 9: The NWFP branch of Islami Jamiat-i-Tulaba (IJT) today presented its six-point charter of demands and threatened to launch country-wide demonstrations against authoritative decisions concerning students and their unions, as already decided by the Central Shoorah of the Jamiat at Lahore in case the demands were not met.

The demands include withdrawal of the rustication order of 36 students and "compensation to the affected students for the academic loss they have suffered", removal of restrictions on forming student unions in NWFP, withdrawal of police force from the Peshawar University Campus, dismissal of anti-student collaborators, removal of age restrictions on admissions combined with withdrawal of fees enhancement orders and, lastly, complete free-

dom for student unions and associations throughout Pakistan.

Addressing a Press conference here on Monday the provincial chief of IJT, Fakhru'l Islam, strongly resented the NWFP Government's restrictions on elected student unions under a Martial Law regulation giving vast powers to heads of provincial educational institutions thereby "virtually making them Martial Law Administrators."

Criticising the "bureaucratic use of Armed Forces" Mr Fakhru'l Islam said, "while democratic institutions in the country have been suppressed the people remain deprived of their fundamental rights under the six-year-old Martial Law regime." He warned that no ruler had ever been able to subdue the students nor would any one be allowed now or in future to do so.

CSO: 4600/846

BUGTI WANTS NATIONAL AUTONOMY

Karachi DAWN in English 11 Aug 83 p 12

[Text]

QUETTA, August 10: Nawab Mohammad Akbar Bugti, former governor of Baluchistan has listed seven demands which "must be accepted to overcome the multifarious problems confronting the country. The demands include recognition of "nationalities" and granting them "national autonomy" in accordance with their needs and wishes.

He said that if these demands were accepted, it would become easy for Pakistan to surmount all economic and political ills.

Addressing a news conference at his Quetta residence Wednesday, he said all political prisoners should be released, fair and impartial elections be held on the basis of one-man one-vote, decision about constitution be left with elected parliament, army should be called back to barracks for exclusively looking after defence responsibilities on country's borders and martial law be lifted immediately.

Continuance of martial law, he added, would place country in seriously dangerous situation.

Nawab Bugti said that no individual could be given right to "give us a new or an amended constitution or show us its dhancha". The country, he added, had already

been rendered into a "skeleton" during past six years.

Nawab Mohammad Akbar Bugti said that political structure promised to be announced would be nothing but an attempt to divert attention of people from real problems and issues and prolong life of present government. "It will divide people into two opposing debating teams which will enter into discussion in favour and against", he added.

Referring to Local Bodies elections, he said that they were being held in order to divert attention of people from programme of M.R.D. He regretted that while some defunct political parties had boycotted local bodies elections, there were certain parties which were "silently participating in them".

Nawab Bugti said that he and his like-minded colleagues had boycotted what he called these "selections" as they had done during last Local Bodies "selections".

Nawab Bugti announced that he had decided to stop buying and reading a Lahore English daily from today and stop speaking reading and writing in Urdu language from August 14 as a mark of protest till his demands were accepted.

CSO: 4600/846

CHAFFAR ASKS FOLLOWERS TO AVOID MRD

Karachi DAWN in English 12 Aug 83 p 22

[Text]

PESHAWAR, Aug 11: Khan Abdul Ghaffar Khan, the former Red Shirt leader, has asked his followers not to take part in MRD's Aug 14 movement.

Addressing a Press conference at Bitor House this evening, the Khudai Khidmatgar leader said he was convinced that his people cannot go along with a party which could sacrifice a supreme objective for petty aim of gaining rural council seats.

He further said that the recent diversion of the party has shown that they had no principle and that they can betray the national objectives anytime for their personal gains.

Our Staff Correspondent adds: Khan Abdul Ghaffar announced that he would shortly call a representative Jirga of the "Pukhtoons" to devise a course of action in the context of the country's present political situation.

He read out a lengthy statement criticising jagirdars and capitalists in the defunct PPP, Punjab, who had sacrificed a great cause for petty Local Bodies elections. "How can we trust such a party which is going to be the main beneficiary if the MRD movement succeeds in the country?" he asked.

He made it clear that he was not against the Punjabi brethren but was opposed to the capitalists and jagirdars in that province who were the "exploiters of masses".

Asked if he would like to have the NWFP named 'Pukhtoonistan', Ghaffar Khan replied: "We do not want Pukhtoonistan any more".

He also called upon the people of other smaller provinces, which he termed "nationalities", to join hand and make a collective decision regarding their participation in the country's politics.

CSO: 4600/847

GOVERNOR SAYS LOCAL CANDIDATES PPP MEN

Karachi DAWN in English 12 Aug 83 p 22

[Text]

ISLAMABAD, Aug 11: The NWFP Governor Lt. Gen Fazle Haq today said the long-awaited announcement to be made by the President General Mohammad Zia-ul-Haq on Aug 14 would not be contrary to the wishes of the people. The announcement may not please some politicians who, he said, will try to create trouble on Independence Day. Any such move by them, the Governor said, will not be backed by the masses.

In an informal chat with newsmen after inaugurating WAPDA grid station near Attock he said he was in a hurry to attend a very important meeting in Islamabad in this connection.

He, however, said if the President could satisfy the people through his announcement, the entire movement threatened by opposition leaders would be ineffective.

Answering a question, the Governor said about 60 percent candidates contesting Local Bodies polls belonged to Pakistan People's Party. The Government, he said, would also welcome Aftab Sher Pao if he wanted to contest the polls. He said 50 percent of those who have been elected or are to be elected in L.B polls would be from PPP.

He admitted that the present government did not allow various institutions to flourish in the country, which he said was a great tragedy. He, however, said some of the recent moves including L.B. polls would certainly create a climate for restoration of democracy in the country.

He described recent action against some students, expelled from their institutions as very rational. The Government, he said, will not let anyone create trouble in academic institutions.

CSO: 4600/847

EFFORTS TO PATCH UP PPP IN UK FRUITLESS

Karachi DAWN in English 13 Aug 83 p 12

[Text]

LONDON, Aug 12: All efforts to patch up internal differences within the different factions of PPP in UK have failed, so it seems.

While Jam Sadiq Ali has made it known to "Dawn" that he himself personally or the faction of the UK PPP he is attached with, would not be either demonstrating, taking out procession or attending the public meeting and demonstration, organised by the UK PPP faction controlled by Mr Ghulam Mustafa Khar, the former Punjab Governor, who is self-exiled here.

The PPP (Khar Group) has been advertising in the Urdu newspaper of London for the past three days that he would not only address the public meeting of the PPP on Aug 14 but would also lead the demonstration which would follow the meeting scheduled to be held in Hyde Park Speakers Corner at 1.30 p.m.

We would not do anything here in the UK, Jam Sahib told me. The PPP, UK, under his supervision, would not hold either a meet on Aug 14 or organise a procession, he said.

In the public meeting and demonstration organised on Aug 14 by Khar faction of PPP, UK, Mr Af-

tab Gul, the former Test cricketer and a Lahore advocate from whose house two SAM-7s were discovered by the police in Lahore, would be addressing the meeting. Now that Mr Gul has applied for political asylum here, he feels free to participate in Pakistan politics here.

Besides Mr Gul and Mr Khar, those who have been billed in the advertisement to address the Hyde Park Speakers' Corner meeting on the 14th Aug, include Zafar Chaudhry (Chairman, PPP, UK), Rana Shamim Ahmed Khan (former Deputy Speaker, Punjab), Chaudhry Mohammad Irshad (former Health Minister, Punjab) Chaudhry Mohammad Hanif and Javaid Hakim Quraishi (both former Members, Punjab Assembly), Barrister M.M. Naqvi (acting Chairman, Tehrik-i-Istiqlal, UK branch), and others.

Dr Zafar Niazi, the dentist of the Bhutto family till recently, whose name was included in the advertisement told me that as he is no politician, he has no intention either of speaking at the public meeting or attending the procession afterwards.

CSO: 4600/484

ARRESTS OF MORE POLITICANS REPORTED

Karachi DAWN in English 12 Aug 83 p 22

[Text]

PESHAWAR, Aug 11: The NWFP police have arrested several political leaders.

Maulana Fazlur Rahman (defunct JUI) was arrested early this morning from Darul Uloom Sarhad, Peshawar, and sent to the Peshawar Central Jail. Mukhtar Bacha, Rifatullah, Abdul Rauf and Zarawar were also arrested and taken to Kabuli Police station from where they were shifted to the Peshawar Central Jail.

They have been arrested under MPO.

PPI adds: The acting President of defunct Tehrik-i-Istiqlal, Syed Munir Shah, was also arrested from his University Town residence last night. He was immediately served

with a notice of externment from Punjab for one month and then sent to Peshawar Central Jail.

A number of workers and office-bearers of the defunct PPP were arrested in Peshawar last night.

They are: Saeed Ahmad Khan (General Secretary, city PPP), Zulfiqar Khan, Malik Inam, Ayub Shah, Dr Naz Durrani, Shaukat Hussain, Malik Said Ahmad, Malik Fida Mohammad.

Gujranwala correspondent adds: Two leaders of the defunct PPP, Malik Abdul Basit, advocate; and Mohammad Arif Chatta, have been arrested and sent to judicial lock-up. The police, meanwhile, raided the houses of MRD leaders including Ch. Abdul Waheed, Chairman,

defunct Tehrik-i-Istiqlal, Gujranwala; Shaikh Bashir Ahmad, of the defunct Muslim League (Khwaja Khairuddin group), Ch. Ghulam Rasool Sindhu, General Secretary, defunct Muslim League, Gujranwala; Mian Ayub Rehmani, General Secretary, defunct PDP, Gujranwala; and Abdul Malak Shah, of the defunct JUI, Gujranwala. However, they could not be arrested.

It is reliably learnt that a list of 200 political leaders and workers has been provided to DIG, Gujranwala range, Major Mushtaq Ahmad. Those persons who met American Embassy's personnel the other day are also likely to be arrested.

CSO: 4600/847

AFTAB GUL DENIES LINK WITH AL-ZULFIQAR

Karachi DAWN in English 12 Aug 83 p 22

[Article by Yehia Syed]

[Text]

LONDON, Aug 11: "I would like to state clearly and unequivocally that I am not part of the 'Al-Zulfiqar' organisation, nor have I ever been," said Mr. Aftab Gul, addressing a Press conference at the Bonington Hotel, Holborn, this afternoon.

"The charges, that arms were found on my property, have been fabricated not only to discredit myself and make it impossible for me to return to Pakistan, but also for wider political reasons," he said.

Elucidating his remarks, Mr. Gul said: "An attempt to imprison activists in the Movement for the Restoration of Democracy (MRD) in Pakistan, who are planning massive demonstrations on Aug. 14."

He said: "By fabricating the evidence and then claiming a connection to the 'Al-Zulfiqar' organisation," the government is hoping clearly to implicate the Bhutto family in unlawful activities."

Mr. Gul described it as a "futile act to justify further prosecution of Begum Bhutto and Benazir."

He disclosed: "Earlier this year, I wrote to Asif Iqbal, the former cap-

tain of Pakistan and Kent Cricket Club, asking him if he could arrange tickets for the World Cup in Britain. He agreed, and I duly applied for the release of my passport, and after vetting by various intelligence agencies, I was granted permission to leave the country. I left on June 21, and my wife came later on July 10", Mr. Gul said.

Talking to this correspondent before the Press conference, Mr. Gul said he had a detailed interview with the refugee section of UKIAS (United Kingdom Immigration Advisory Service) to which he handed in an application seeking political asylum.

"Now the UKIAS would deal with the Home Office, he said. "At the moment I am a visitor to this country," Mr. Gul said, "having been here before in 1971 and again 1974. Till my legal status to stay here is determined and finalised by the Government, I would, I suppose, remain a visitor." "I cannot go back to Pakistan", he insisted, "because the punishment for the crime I am accused of, is death.

"Although my 75-year-old father,

who had three heart attacks, and my brother, who is working in the Foreign Office, are in police custody, the police have not arrested my mother who is looking after my 14-month-old daughter whom we have left behind," he said.

Mr. Gul said his nine-and-a-half-year-old son (who was present at the Press conference) his seven-year-old daughter and his wife were with him. He said he was looking for some kind of work in Britain which would give him enough money to support himself and his family. "I am staying with my cousin here and as we had planned to return to Pakistan on Aug. 5, we did not come financially prepared to stay here for long."

In reply to a question, Mr. Gul said he did not visualise any big or even substantial demonstration in Pakistan on Aug. 14. People, he said, had resigned themselves to their political fate for two reasons: the stringent Martial Law regulations and the lack of any worthwhile leadership, apart from Nusrat and Benazir.

CSO: 4600/847

BIZENJO DEMANDS PROVINCIAL AUTONOMY

Karachi DAWN in English 12 Aug 83 pp 1, 20

[Text] Mir Thous Bakhsh Bizenjo, President of the defunct Pakistan National Party, said in Karachi on Thursday that change of government was a "must" not only for the revival of democracy in line with the Pakistan Resolution of 1940 but also for the very survival of Pakistan.

For, he contended, Pakistan was facing a dangerous situation on its borders at home the people—particularly of the smaller units—had been emasculated, and the 1940 "covenant" determining the relationship between the Federation and its units had been eroded.

Mr. Bizenjo was speaking at "Meet the Press" forum of the Karachi Press Club before a packed gathering of journalists. His speech which purported to deal with the people's aspirations and the international compulsions was listened to with rapt attention and evoked a lively question-answer session.

The people today, he said, found themselves forced to confront the Government as their patience had been exhausted and because their sovereign position had been impaired owing to a foreign policy which was subservient to "imperialist interests".

The PNP chief deplored that at the international forum India was acknowledged as the world's leading democracy and in Afghanistan a "people's revolution" had set in, while we in Pakistan were being ruled under the Government of (united) India Act of 1919.

He warned that if the sense of deprivation remained unassuaged among the people of smaller units and if the issue of nationalities in Pakistan was not amicably settled, the 1940 Pakistan Day "covenant" framed and formulated under the Quaid's leadership would cease to be relevant in the objective conditions of today.

Mr. Bizenjo maintained that the units had given birth to the Federation of Pakistan. By way of proof he cited the cases of referendums in

Sylhet and the NWFP, the resolutions adopted by the Sind Provincial Assembly and Shahi Jirga of Baluchistan and the demand raised by an overwhelming majority of the Muslims of the Punjab for Pakistan.

His thesis, therefore, was that Pakistan could only prosper and become strong when democracy as envisaged by the Pakistan Day "covenant" was ushered in to the satisfaction of the concerned parties, namely the Federation and the units.

He said that under that "covenant" it had been agreed to give autonomy to the provinces in their internal matters and keep the subjects of Foreign Affairs, Defence and Customs with the Centre. This arrangement, he emphasised, was "not accidental, but by design".

"Today I demand autonomy for the provinces which, if not conceded, would lead to the raising of demands for 'Sindhu Desh', 'Azad Baluchistan' and 'Greater Afghanistan' (because of three million Afghan refugees living in Pakistan)", he cautioned.

Talking of the dangers looming large on the borders, Mr. Bizenjo refuted the government's claim that Pakistan's relations with India, Iran and the USSR were "friendly" and said the "truth of the matter is that we stand isolated because of the policies pursued at the behest of "imperialism."

Mr. Bizenjo asked, "what harm had the Afghan revolution done to Pakistan?"

He felt that the United States would not, for reasons of its global strategy vis-a-vis Afghanistan and the Gulf region, allow a democratic, elected government to manage Pakistan's affairs.

He said: "For God's sake, for the love of Pakistani nation, settle the Afghan issue amicably through a direct dialogue".

The only way out of the international dilemma facing Pakistan vis-a-vis Afghanistan and the USSR (and for that matter, India) was for it to pursue in letter and in spirit a non-aligned policy designed to keep Super-Power involvement away from the region, Mr. Bizenjo opined.

He said it did not matter whether the Aug. 14 movement succeeded or failed. Even if it ended in a fiasco, "we, at least, will have awakened the public conscience so that next time the fight for democracy will be taken to a finish".

In reply to a question the PNP chief conceded that democracy had not functioned "correctly and in the people's interests", because the so-called democratic govern-

ments had exploited democratic norms for their self-aggrandisement.

At the same time, he emphasised, democracy was ingrained among the people of Pakistan and they would not submit to autocracy. All these years, he said, public resentment had been simmering and was "now at a high pitch, after all the cumulative disappointments".

To another question Mr. Bizenjo said his party had at no stage refused to recognise the validity of or the sanction for the 1973 Constitution.

The PNP merely wanted that when elections were held and the elected representatives sat together, the political parties gave a mandate to them to agree to the amendments brought forward in accordance with the foundational principles of Pakistan, he explained.

Asked how his son was contesting the Local Bodies' polls while he and his party was oppose to these elections, Mr. Bizenjo replied: "True, he is my son but he is not a member of my party, so how can I discipline him?"

Of the state of affairs in Baluchistan the PNP chief regretted that while the provinces of Punjab and NWFP were being governed by "men of the soil", in Baluchistan the Governor (though he said he had nothing against him as a person) was a non-Baluch. More so, he pointed out that almost all the key executive posts there were manned by the "outside" persons and in policy-making the local people had no hand and in administration no sense of participation.

Mr. Bizenjo said in the interest of national cohesion, it was necessary to remove the feeling of deprivation from the smaller units.

MINISTER GIVES DETAILS ABOUT FILM ON QUAID

Karachi DAWN in English 12 Aug 33 p 14

[Excerpt]

ISLAMABAD, Aug 11: The Federal Minister for Information and Broadcasting, Raja Mohammad Zafarul Haq told the Majlis-i-Shoora on Thursday that a high standard documentary film was being made on the Quaid-i-Azam with the main object of projecting his life and achievements.

Speaking during the question hour, he said the documentary will be made in six foreign languages i.e. English, French, Arabic, Persian, German and Japanese. It is for the television networks of the world also, he added.

To a supplementary question, he said the film was not being produced in competition with any other film on any leader rather it would portray the Quaid as a leader in the true historical background.

Answering a question from Dr. Mrs. Ameena Ashraf, the Minister said that a foreign firm of documentary producers of interna-

tional repute had been commissioned by the Government to produce the documentary.

The Information Minister further said the Government had constituted a committee of eminent scholars consisting of Mr. Z. A. Suleri, Dr. Waheeduz Zaman, Prof. Shariful Majahid and Prof Razi Wasti to guide the producers in preparing the script on the basis of which the film will be made.

He said the script was under preparation and when it was submitted by the firm of producers it will be vetted by the scholars committee and submitted to the Cabinet Committee for approval. He said the film will be based on actual material which was being collected from within the country and India as well as from the India Office Library, London.

He said shooting for the film, also to be held in India, would start after the script had been approved.

CSO: 4600/847

NASIM WALI BACKS MRD MOVEMENT

Karachi DAWN in English 13 Aug 83 pp 1, 4

[Text]

Begum Nasim Wali Khan, Vice-President of the defunct National Democratic Party (NDP) has assured the MRD leadership of her Party's full and unstinted participation in the MRD's Aug. 14 movement.

The Party's Central Information Secretary, Mr. Abid Zuberi, had talked to Begum Sahiba who is currently in London to apprise her of the situation arising out of the resignations of Haji Ghulam Ahmad Bilour and Mr. Abdul Khaliq Khan.

Begum Nasim Wali told Mr. Zuberi on Telephone that both Khan Abdul Wali Khan and she realised the gravity of the situation and had decided to return to Pakistan by the first available flight.

According to Mr. Zuberi, Begum Wali Khan said the NDP was a signatory to the MRD's Four-point Declaration and its Central Working Committee had endorsed the MRD's call for launching a movement from Aug. 14.

Mr. Wali Khan and his wife will fly to Islamabad and then drive to Peshawar.

Mr. Zuberi requested Begum Nasim Wali that she and Wali Khan better come to Karachi first. To this she said: "The (party) crisis has occurred in Peshawar, so we should reach there by the first available flight."

Meanwhile, Mr. Abid Zuberi, who has taken over as the Acting Convener of the MRD in view of Mr. Bilour's resignation, told newsmen that the MRD's apprehensions with regard to the prolongation of Martial Law had come true.

He explained that Khan Abdul Ghaffar Khan's reference to the khudai Khidmatgars' Bannu Resolution of June, 1947, coupled with the latest utterances of Mir Ghaus Bakhsh Bizenjo, Nawab Akbar Bugti, and Mr. Mumtaz Bhutto, show how much "sense of deprivation and frustration" had grown among the people of the smaller units.

To a question, he replied, Khan Abdul Ghaffar Khan was not a member of the defunct NDP and whatever he had said at the Press conference in Peshawar were his personal views.

CSO: 4600/848

EXPERTS CRITICIZE SIXTH 5-YEAR PLAN

Karachi DAWN in English 13 Aug 83 p 5

[Text]

LAHORE, Aug 12. The draft Sixth Five-year Plan came under heavy fire at a seminar arranged by the Group 83 here on Wednesday. The speakers, most of them economic experts, urged upon the Government to re-order the priorities envisaged in the plan according to the national requirements. Introduction of land reforms was also demanded by quite a few speakers.

Dr. Mubashir Hassam, a former Finance Minister, said the new plan reflected more the interests of what he called foreign Powers as compared to national interest and the sectoral allocations were made according to foreign advice.

Dr. Mubashir said the plan was aimed at opening the doors of the country for imports and loans and confining the local manufacturing to those items only as stipulate no competition to the imported goods.

The plan has been prepared by the people who have no representative status, Dr. Mubashir said and expressed his apprehension that people would not take interest in its implementation.

The former Finance Minister said the people would reject the plan if put to referendum and added the Government should publish its commitments with the IMF World Bank and other loaning agencies if it claimed that there was no strings attached to the aid and loans.

Mr. A.H. Kardar criticised the Government for retaining the feudal system in the new plan

and said it was the result of this system that Pakistan was halved in 1971.

Mr. Kardar, formerly a minister, attacked the Government for widening the trade gap and adding to the foreign debts and said no measures had been proposed in the new plan to ease the situation.

Mr. Masud Khaddarposh, a former member Board of Revenue, proposed that landlordism should be replaced by peasant proprietorship and occupancy and virtual ownership must go together. He was of the view that a man should own land only till he cultivates it personally. Earmarking of the maximum limit of land that a man can have and absolute ban on leasing out the land were other proposals made by Mr. Khaddarposh.

He was critical of the Government for ignoring the small farmers in the new plan and said it would adversely affect the agricultural production. He also criticised the government for increasing dependence on foreign loans and imported agricultural implements.

Mr. Shahid Kardar noted as increasingly imperative the radical land reforms in the agricultural sector. He further said a genuine attempt should be made to promote indigenous labour intensive technology. He said re-distribution of productive assets in favour of poor and taxing the agricultural sector, provision of job opportunities to the poor people were all necessary.

Dr. Anwar Iqbal Qureshi foresaw failure of the plan as he said local

resources were not adequate to meet the targets set in the plan. He suggested the Government to postpone the implementation of the new plan for at least a period of two years and to draft it afresh in consultation with the economists of the country.

Dr. M.L. Qureshi "condemned" both the plan and its authors and said the plan should be re-examined in its entirety keeping in view all its merits and demerits. He said the Government should devise ways and means to eliminate disparity in the incomes of rural and urban population.

He said the Government should shift its emphasis from urban to rural areas where over 70 per cent population inhabited.

Malik Wazir Ali stressed the need for slashing the defence expenditure to make more funds available for other development projects. He termed as a super constraint the interference of super Powers in political and economic affairs of developing countries and said so tightly were they tied in their bondage that they could not change their policies without prior approval by the super Powers.

Malik Wazir Ali said 50 per cent of the foreign aid received here was wasted in various accounts and only half of the amount was spent on the purposes it was achieved for.

Ch. Nazar Mohammad, Prof. Rashid, Mr. Akmal, Mr. Hassan Habib and Mr. Masood Hassan also addressed, the seminar.—PPI

FUTURE POLITICAL SETUP WELCOMED

Karachi DAWN in English 13 Aug 83 p 12

[Text]

People belonging to all walks of life on Friday hailed the Majlis-Shoora speech of President General Mohammad Zia-ul-Haq for announcing future political structure.

The people have termed the announcement as "historic, befitting and convincing".

Mr. N.H. Usmani, Chairman, Pakistan Quami Yekjahti Council, while welcoming the presidential speech has in particular hailed the plans to involve young people in the political process. He, however, has said it was more essential for them to be provided with additional employment opportunities.

While welcoming the President's speech, Mr. Abdullah Dadabhoy, Secretary, Motamar Al-Alam Al-Islami, expressed hope that the proposed amendments would truly make 1973 Constitution an Islamic one.

He also welcomed the President's assurances to the private sector which he said would play a vital role in the implementation of the Sixth Five-Year Plan.

Mr. Talib Rasool, Member, Sind Council, has said the President's announcements would prove to be a boon in establishing democratic system in the country.

He also hailed government efforts for Islamisation in the country.

Mr. Afif Alvi, Chief Organiser, Istehkam-i-Pakistan Council, hail-

ing the President's speech said the measures announced would prove a step forward towards restoration of democracy in the country.

The members of Majlis-Shoora described the President's announcements as a landmark for making the country a true Islamic state.

In separate interviews at Islamabad, several members expressed their joy and satisfaction over the future political structure announced by the President.

The members especially lauded the announcement regarding the 1973 Constitution, election timetable and balance in powers of the president and prime minister.

The members who expressed these views were: Hafiz Mohammad Taqi, Dr. Nazir Ahmed, Ch. Manzoor Hussain, Ch. Mushtaq Dogar, Mufti Muhammad Hussain Qadri, Maulana Qazi Abdul Latif, Mr. Mahmud Ahmed Minto, Mr. Riaz Akhtar, Ch. Shujhat Hussain, Qari Saeedur Rehman, Begum Sabiha Shakeel, Begum Balqees Shahbaz, Dr. Maqbool Nasreen Memon, and Dr. Nasreen Maqbool.

The General Secretary of the All-Pakistan Federation of Trade Unions, Mr. Khurshid Ahmed, who is also member of the Shoora, said the announcement about the allocation of seats for the peasants and workers and other such classes was

well timed and had come as a great relief to the oppressed classes.

Begum Masood Sadiq, another Shoora member, said the guidelines about the system of government were timely and in accordance with the expectations of the people.

Ch. Mohammad Idrees Taj said the announcement about the direct elections and the constitutional role of the armed forces were very good and had removed the confusion.

In Lahore, Sheikh Shaukat Ali, a retired judge of the Lahore High Court, has welcomed the establishment of a National Security Council and striking of balance in the powers of prime minister and the president.

He was of the view that these steps would put the country on democratic path.

Maulana Hamid Mian, Senior Vice President, JUI (Maulana Fazalur Rehman group), greeted the President for not assigning any new role to the armed forces and for agreeing to hold the general elections on the basis of adult franchise.

Prominent social worker and student leader of Pakistan Movement, Dr. Muhammad Saleem Farooqi, has hailed the new political structure and the election programme announced by the President.

POLITICAL SETUP ANNOUNCEMENT DISMAYS POLITICIANS

Karachi DAWN in English 13 Aug 83 p 12

[Text]

A number of political leaders in Karachi, while commenting on the new political framework announced by President Gen. Mohammad Zia-ul-Haq before the Majlis-i-Shoora on Friday, reiterated their demand for the restoration of 1973 Constitution in its "unamended form."

They said that "immediate" holding of nationwide polls under the 1973 Constitution was a "must" for early transfer of power to the elected representatives of the people.

The exceptions were the defunct Jamaat-i-Islami and Pakistan Muslim League (Pagaro group) whose comments were not available.

Pir Pagaro left Karachi Friday morning for his home village Pir Jo-Goth in the interior of Sind.

Prof. Ghafur Ahmad declined to comment on the plea that under Mian Tufail Mohammad's directive it was decided to "keep quiet" until a conference of the party leaders was held in Lahore. The Professor said he will proceed to Lahore on Aug. 15 in this connection.

Mir Ghous Bakhsh Bizenjo, President of the defunct Pakistan National Party, said his views were already known and in their light one could sense what his reaction would be like. He, however, asked for time to study the President's announcement and to give his considered comments.

The MRD leaders were all disappointed and they did not mince words to say so. Maulana Shah Ahmad Noorani, President of the defunct Jamiat-i-Ulema-e-Pakistan, offered "bitter" criticism of the new framework.

Mr. Ghulam Mustafa Jatoi (PPP) characterised the new political

structure as a "farce" meant to "dupe the already highly frustrated nation."

In his view the 1973 Constitution will stand "scrapped to all intents and purposes". Another remark he made was that through this political framework "One Unit has been brought back through back-door".

Mr. Jatoi thought that the Prime Minister, who will be nominated by the President, will be totally at the latter's mercy. The Prime Minister could be sacked by the President, but he asked, who will remove the President?

He said that with this structure the President would assume the powers of a "dictator".

He made it clear that One Unit "in any form" would not be tolerated. Already, he pointed out that the people of smaller provinces were denied their right of participation in the affairs of the State.

Maulana Shah Ahmad Noorani (JUP) said the Government had lost credibility, therefore who will live to witness March 25, 1985. The new framework was "nothing short of a hoax perpetrated on a despaired nation", he pointed out.

Referring to the proposed elections to the Provincial Assemblies, National Assembly and the Senate, the Maulana said they would be "election stunts" just as the Local Bodies' polls had been or were going to be.

He said bureaucracy had the power to remove any elected Councillor, so would the elected representatives of the future Parliament be thrown out of the legislatures, if necessary.

"The new structure has been evolved to suit an autocrat",

Maulana Noorani observed. Even in the US with its Presidential form of Government, the President was not empowered to dissolve the Congress or the Senate, but under the new framework of Pakistan such power will be vested with the President, he added.

Khawaja Khairuddin (PMI-Khairuddin group) said "we knew what the outcome will be, so we are not disappointed. It is good the nation now knows where it stands".

Mr. Musheer Ahmad Peshumam (Tehrik-i-Istiqal) said "it is not worth tuppence; we reject it (political structure) straightaway".

Similar views were expressed by Mr. Abid Zuberi (NDP), Mr. Iqbal Hyder (Qaumi Mahaz-i-Azadi), Mr. Mushtaq Mirza (PDP) and Mr. Fatehyab Ali Khan (Mazdoor-Kissan Party).

Siddiq Baluch adds from Lahore:

A former Federal Law Minister and a leader of the Tehrik-i-Istiqal, Mian Mahmood Ali Kasuri, giving his reactions on the President's speech observed it was premature to discuss the holding of elections in next 18 months. The issue would be reopened only when the entire schedule of the general elections and its rules were announced by the Government. Prior to this, he added, it was futile to comment on this issue.

He opined the President had wasted his own time and the time of the entire nation while talking on the constitutional role of the armed forces in any setup of government.

Sardar Mohammad Farooq Khan Leghari, Secretary-General of the defunct Pakistan People's Party, was of the opinion that no one has got the right to unilaterally amend the constitution which was unanimously passed by a national assembly directly elected by the people.

He rejected all the proposals regarding the redistribution of powers of the president and the prime minister in the future setup of the

Government, constitution of a national security council and a projected role for the armed forces.

The continuation of martial law, he added, had promoted parochial and separatist tendencies in the smaller provinces where the armed forces and the province of Punjab were being blamed for all the ills of the country.

Since the smaller provinces had no representation in the decision-making and policy-framing process in the present setup, the armed forces and the bigger province were being blamed for exploitation and misrule in other federating units.

He said only an elected assembly could amend the 1973 Constitution and the only solution to all the problems of the country was to hold immediate general elections and transfer power to the chosen people. The proposals, he said, were meant to extend the tenure of martial law.

Mian Mohammad Tufail when contacted said all the proposals were being considered. He, however, did not offer any comment immediately and postponed it till Saturday.

Mr. Pervaiz Saleh, a leader of the Qaumi Mahaz-i-Azadi, was of the opinion the 1973 Constitution stood abrogated for all practical purposes if the proposals announced were accepted.

He said the form of government had been changed — from parliamentary to the presidential — as the president assumed the powers to nominate the prime minister disregarding the national assembly and its opinion.

Mian Khurshid Mahmood Kasuri, a leader of the Tehrik-i-Istiqal, observed that sovereignty of the future national assembly was put in doubt by superimposing the national security council on it.

PPI adds:

Rana Zafarullah Khan, PDP

Secretary-General, claimed it was incorrect to say the father of the nation liked presidential form of government. Quaid-i-Azam was always in favour of parliamentary form of government, he said.

The defunct PNP, Lahore, President Imtiaz Shah, said the announcement left only one way open for the restitution of people's rights to launch a movement.

He said his party always opposed martial law and it was incumbent upon all the people to launch a movement rejecting outright the new political structure.

Syed Ahmed Saeed Kirmani of the defunct Muslim League said there was no mention in the new structure what would be the mode of election for president or whether the general elections would be held on party basis or otherwise.

There was also no mention of enhancement of judiciary's powers, he said.

Syed Hamid Mian called upon the Government to enter into a dialogue with the political leaders for holding general elections and not to make any amendment in the constitution. The right of making amendments in the constitution vested only in an elected parliament, he said.

Pakistan Labour Organisation has termed General Zia's speech as "thoroughly disappointing, against the wishes of people and the interest of the solidarity of the country."

According to a Press release, PLO felt that Gen. Zia through this announcement had practically abrogated the unanimously adopted 1973 Constitution. Now it may not be possible for the federating units to arrive at a consensus ever again, PLO said.

The meeting demanded immediate holding of general election under the 1973 Constitution.

MORE REACTIONS TO POLITICAL SETUP REPORTED

Karachi DAWN in English 14 Aug 83 p 14

[Text]

Representative of a cross-section of population in Karachi continued to express divergent views on the new political structure announced by President Zia-ul-Haq.

Mr Mohammad Sharif, President of the Pakistan National Federation of Trade Unions (PNFTU), felicitated the President for announcing a new political framework based on Islamic principles.

Mr Mohammad Bakhsah Inquilabi, President of the All-Karachi Welfare Federation, said the divisive forces would now be checked.

Mr Francis X. Lobo, member, Majlis-i-Shoorah, said the minority communities were particularly happy to receive due recognition of their rights.

Mr Fatehyab Ali Khan, President of the defunct Mazdoor-Kisan Party, in a statement said that the Law Minister, Mr Sharifuddin Pirzada, by providing references of the Quaid-i-Azam's diary and the (All-India) Muslim League session of 1943 had "distorted" the history of the Pakistan Movement "to suit the Government."

He said it was a revelation that the Quaid had a diary. Even if it were so, the Quaid himself had never given any importance to it, because in his speeches he did not say at all that a presidential system of government would be enforced in Pakistan.

Mr Mushtaq Mirza, President of the defunct Sind PDP, said that while the promise of 90 days had been extended to six-and-a-half-years, God know how long would

the promise of 590 days (approximately 18 months) take to fulfil.

Similar views were expressed by Nasimuddin, the PDP's Central Information Secretary.

Dawn Lahore Bureau adds: Mr S.M. Zafar, Secretary-General of the defunct Pakistan Muslim League (Pagara group), called upon the President to clarify his position on the future elections whether they would be held on party basis.

In a statement, he said that since the President had not negated the idea of political parties participating in future elections, he presumed that election to the National and Provincial Assemblies would be held on party basis.

He observed if this aspect of the President's speech was not clarified, the entire formula given by him would amount to stalling the time and could be termed "dilatory tactics."

He said the President had gone to the other extreme while trying to balance the powers between the President and the Prime Minister and thus it had created a "serious imbalance," by making the President more powerful in the amended 1973 Constitution. He suggested that the matter be left for the future National Assembly.

He felt that elections to the National and Provincial Assemblies could be held in 1984, and the nation could be saved an extra year in waiting for something which ought to have been done some years back.

Mr Abdul Rashid Qureshi, Central Information Secretary of the defunct Pakistan Democratic Party (PDP), said the nation had given its verdict on the parliamentary form of government in the movements

under COP, UDF, DAC and MRD. In a statement, he said the previous governments had accepted the demands for a parliamentary system and universal adult franchise.

Rana Shaukat Mehmoud, Acting Punjab President of the defunct Pakistan People's Party, Punjab, and Acting General Secretary of the Punjab MRD, in a statement, said that his party had totally rejected the constitutional proposals.

He said the presidential framework of the proposed constitution would destroy the entire federal system as it happened "in our tragic past."

He felt that the genuine rights of the smaller federating units could not be protected under a unitary form of government under a president. He said if any change in the 1973 Constitution was necessary, it should be done by an elected assembly.

The General Secretary of the defunct Pakistan Muslim League (Khairuddin group) said Gen. Zia had made no commitment about the holding of elections, the procedure for elections and participation of political parties in those polls.

He said the President had disappointed all those patriotic Pakistanis who wanted to see the country stable, united and powerful.

He said the separatist elements would be happy with the announcement made by the President.

Hyderabad

Our Hyderabad Correspondent adds: An emergency meeting of Hyderabad city MRD announced today that there was no scope of any new structure in the presence of 1973 Constitution.

The meeting was presided over by the leader of the defunct PDP, advocate Abdul Rehman Sheikh.

Bugti

PPI adds from Quetta: Former Governor of Baluchistan Nawab Mohammad Akbar Khan Bugti has said the political structure presented by the President is not acceptable to people to all.

Mr Bugti said the so-called framework given to the nation would not be acceptable because it would be a one-man constitution. The consequence of any amendment in the 1973 Constitution would be the same as that of the one-man constitution of the late Mohammad Ayub Khan which, with the passage of time, met with utter failure.

About the distribution of powers between the President and the Prime Minister, he said there would be no difference. In the past, the Prime Minister was all-powerful; now the President would be all-powerful.

He said that by not holding the general election immediately the President was playing with the fate of the nation.

CHAFFAR KHAN URGES PAKHTOONS TO ADOPT NEW COURSE

Karachi DAWN in English 13 Aug 83 p 12

[Text]

PESHAWAR, Aug 12: The former Red Shirt leader, Khan Abdul Chaffar Khan, commenting on the prevailing political situation, said that a new course of action for Pakhtoons was now imperative.

He said he would soon call a representative "Jirga" of Pakhtoons to devise such a course of action in the country's political arena.

He announced this while addressing a news conference at the residence of Mr. Ghulam Ahmad Bilour here on Thursday (partly reported in "Dawn" on Aug 12).

He said, the analysis of the situation made by his organisation in June, 1947 (Bannu Resolution) had proved correct in the circumstances after the creation of Pakistan. "I, therefore, once again call upon my people in very clear terms that if they want to live respectably, they have no alternative but to devise a course of action in the light of the "Bannu Resolution".

Asked to elaborate the Bannu Resolution, Bacha Khan said: "I am an old man and have forgotten many things which are too old". However, he said, the Bannu Resolution will be strictly followed.

The Bannu Resolution had demanded referendum on the basis of Pakistan and Pukhtoonistan and not on the basis of Pakistan and India which the June 3 announcement of the British Government proposed.

GHAFFAR KHAN'S VIEWS CRITICIZED

Karachi DAWN in English 13 Aug 83 p 12

[Text]

PESHAWAR, Aug 12: Khan Mohammad Iqbal, the provincial chief of defunct Pakistan Muslim League (Pagara Group) has sharply reacted to the Red Shirt leader, Khan Abdul Ghaffar Khan's Thursday's Press conference and said the fresh reshuffle in the NDP has exposed its designs and the reality that it was, in fact, a subsidiary of Ghaffar Khan's Khudai Khidmatgar Tehrik.

He said, the Red Shirt leader's statement about the Bannu Resolution tends to promote parochialism, regionalism and linguistic prejudices among various sections of the country. He also referred to the statement by some of the regional leaders like G.M. Syed, Akbar Khan Bugri and Ghaus Bakhsh Bizenjo which clearly reflected provincialism.

He appealed to the Government and the people of Pakistan to take serious notice of these developments which were detrimental to the integrity and solidarity of the country.

The people, he added, should now differentiate between loyal patriots and the anti-State elements and repose their confidence in Muslim League which was the only hope of the country.—PPI.

CSO: 4600/848

CONSTITUTIONAL CHANGES OPPOSED; TRANSFER OF POWER SEEN AS UNSOUND

Karachi DAWN in English 14 Aug 83 p 1

[Editorial: "Plan for Transfer of Power"]

[Text]

THE announcement by President Mohammad Zia-ul-Haq of the long-awaited political framework has put an end to the prolonged suspense and uncertainty over the issue. But whether the scheme he has put forward for effecting a return to democratic rule and for restructuring certain vital aspects of the existing political and constitutional system will also remove the continuing uncertainty over the nation's political future is not at all clear. There are no doubt certain positive elements in the scheme, namely that the 1973 Constitution with some important amendments will remain the nation's Basic Law; that the elections to the National and Provincial Assemblies as well as the Senate will be completed by March 23, 1985, to be followed by the withdrawal of Martial Law; and that the armed forces will have no constitutional role in the governance of the country other than the one already defined and generally accepted. Shorn of certain stipulations, especially those relating to important constitutional provisions, eligibility for participation in elections, the formation of the proposed National Security Council with a sort of veto power in the matter of declaration of a

national emergency, the positive aspects of the scheme could have formed the basis for an understanding between the Government and the defunct political parties on the details of elections, transfer of power and reasonable safeguards for future stability and order. But, unfortunately, such a possibility seems to have been virtually foreclosed by certain constitutional changes of a very fundamental nature proposed by the Government — and by the retention of the option for bringing about many more changes not yet defined but only vaguely indicated in Friday's Majlis-i-Shoora speech.

Here one might point out that for reasons of ease of understanding and interpretation, the scheme broadly outlined by the President should have been presented in the form of a document providing a full picture of the processes and changes that are considered necessary for a peaceful and orderly transfer of power. A fully defined scheme would have left little room for speculation and conjecture as to the final shape of what the Government has only partly spelled out and also avoided the impression of Friday's package being kept open-ended.

A crucial factor in the context of Friday's scheme is the sanctity and acceptability of the constitutional amendments that are proposed. Apparently, the Government thinks it has the right to carry out those amendments and presumably expects these to be grafted on to the Basic Law without involving any insurmountable constitutional difficulty or hindrance. The universally recognised principle is that constitutional amendments derive their validity from the fact of having been effected according to the procedure laid down by the Constitution itself — which in our case means approval by a two-thirds majority of the National Assembly. The Government would perhaps be on a slightly better ground in regard to the Islamic provisions it has introduced so far in the judicial and economic fields and the constitutional guarantees that it seeks for the process to go on. Here again, one must recall the approach that Allama Iqbal very forcefully expounded in his well known thesis, "Reconstruction of Religious Thought in Islam". He was convinced that legislating Islam into practical concepts and actions was the responsibility of each Muslim

community — a prerogative which is exerciseable, in the context of a given polity, by the elected representatives of that community. No better principle has since been devised to replace the one evolved and presented by the great philosopher and thinker. Yet, for reasons of valid expediency, the Government could confine its constitutional amendment scheme to those relating to Islamisation alone — on a reasonable assumption that since there was broad national agreement on implementing the principles of Islam, most political parties could be expected to endorse any constitutional moves in this regard made in anticipation of parliamentary ratification.

Quite apart from the question of procedure, which, of course, has its own inviolability in a constitutional context, there is the more disturbing question of whether the 1973 document would retain its original agreed and nationally accepted status if it is subjected to wholesale changes, which is clearly implied in the scheme unfolded before the Shoura and of which more is to come today. The proposed change in the 1973 Constitution's scheme of power-sharing between the President and the Prime Minister is an extremely drastic one. A degree of reallocation of power for achieving a better balance between the two top executive functionaries would no doubt be in order and, within a broader framework of negotiations, political parties could well have been expected to agree to amendments specifi-

cally aimed at empowering the President to be able to act in the event of serious political crises of the kind that the nation experienced in the wake of the 1977 elections, and in covering contingencies of similar grave dimensions. But what is envisaged is a basic change in the scheme of executive government, a change which amounts to switching the locus of power decisively from the Prime Minister to the President. This goes beyond the recognisable parameters of a "better balance" and turns the parliamentary system of the 1973 Constitution into a presidential one in all but name. Nothing else would justify the idea of investing the President with wide-ranging discretionary powers when the Prime Minister is still supposed to be answerable for the conduct of the Executive to the National Assembly.

The Prime Minister of the 1973 Constitution can readily assume the role of a dictator as the last one did. It is known that decisions were made not on the floor of Parliament but in the Prime Minister's chamber or his house. It is also undeniable that political and constitutional excesses led to the 1977 crisis. As against this, we also have had the instances of the late Ghulam Mohammad and Iskandar Mirza, taking advantage of their discretionary powers, playing havoc with the constitutional and political processes, plunging the country again and again into a succession of crises and, thus, paving the way for the 1958 martial law. If Gen. Mirza eventually felt no qualms about

abrogating the country's Constitution in 1958, neither did President Ayub eleven years later, when he tore up his own constitutional scheme when it suited his purpose. It would not be prudent to overlook these dismal instances of the not-so-distant past. The purpose of a "better balance" can be served by empowering the President suitably in relation to grave political and constitutional emergencies and strengthening the Prime Minister's accountability to Parliament. Since nothing is known about the powers and composition of the proposed National Security Council, it is not possible to assess the worth and relevance of this new agency in the overall power configuration. But here again any overriding authority given to an unelected body cannot but detract from the principle of popular mandate as the supreme source of all law-making and executive actions.

The Martial Law authorities would do well to reconsider their scheme for power transfer from the point of view of the wide-ranging political and constitutional implications it entails and in consideration of the need to make it acceptable to political opinion. A more realistic approach would have been to prepare the scheme on the basis of an understanding reached with major political parties relating to the basic issues involved in carrying out a peaceful and orderly transition back to representative rule. In the supreme national interest that option must yet be kept open.

FRESH ENQUIRY INTO BANGLADESH WAR SUGGESTED

Karachi DAWN in English 5 Aug 83 p 15

[Article by Brigadier (Rtd.) A. R. Siddiqui]

[Text]

THE last Armed Forces Commander of united Pakistan in the Eastern Wing, Lt-Gen. (Retd) Amir Abdullah Khan (Tiger) Niazi has demanded the formation of a "new high-powered Commission headed by an Army Officer to inquire into the politico-military and administrative lapses contributing to the dismemberment of Pakistan."

Addressing a news conference at the Karachi Press Club recently, the retired General called the Hamoodur Rahman Commission Report (HRCR) a "stunt" designed to "cover up the evil designs of the vested interests to part company with East Pakistanis," etc., etc.

Gen Niazi surely has a case, and much as I would like to put him on the spot about his own disappointing conduct as the supreme commander of his country's forces in East Pakistan. It would be best to let him appear before a 'new high-powered commission' of his description.

As a professional observer of and an extra-professional participant in the 1971 tragedy I cannot but be touched and mentally agitated by the renewal of interest in the Hamoodur Rahman Commission Report (HRCR) — the only comprehensive document compiled on the tragic loss of East Pakistan and an inglorious military stalemate in West Pakistan.

Tragic loss

Apropos my dual position as a "professional observer" and "an extra-professional" participant, I should hasten to add that my first and primary status accrued from the appointment of Director, ISPR, I held during the fateful years whereas my second and secondary role as an "extra professional participant" flowed from my function as a voluntary or gratuitous adviser to decision-makers both at the GHQ and HQ CMLA. It so happened that both the General Staff and HQ CMLA encouraged me to "keep an eye" on the situation and "feel free" to offer any comments, analyses and assessment to regarding that.

At my own request also, I appeared before the Hamoodur Rahman Commission and was probably the last West Pakistani witness (as opposed to the East Pakistani returnees and POWs) — number 213 — to be cross-examined by the Commission. My statement together with the copies of a number of other situation reports and documents were submitted to the Commission and should be a part of the HRCR.

I believe the 1971 trauma had been more than a Greek tragedy in that it actually happened and that all of us, as a people, had been actors, on or off stage, in that real-life tragedy. In other words, it could be said that every adult, thinking Pakistani either willingly or unwillingly, knowingly or unknowingly acted in the tragedy to give it an overpowering sense of inevitability. While the people of East

Pakistan, or their powerful pressure groups, chose the path of defiance their West Pakistani counter-parts adopted a posture of studied, almost criminal, indifference to the agonizing and painfully lingering death of one half of the nation and the country.

No matter how repressive and restrictive the official media might have been, during the fateful year, in disseminating the truth about East Pakistan most of us knew what was happening but refused to face it.

News emanating from foreign networks was dismissed mostly as 'enemy propaganda' even when it would correspond to the known reality of a general revolt and destabilisation in East Pakistan and all that went with an extreme situation like that.

Refusal to face the real situation almost touched the fringe of a delusion when in the October of that traumatic year, by-elections to the National Assembly were held and candidates elected unopposed to fill in the vacancies caused by the mass flight to India of the Awami League members of the still-born national and provincial assemblies (MNAs & MPAs).

Perhaps Maj-Gen (Retd) Rao Farman Ali Khan, then Major-General Civil Affairs (MGCA in Dacca and Maj-Gen Ghulam Omur, then Chairman of the National Security Council, would like to shed light on the circumstances of the by-elections. Both the retired General Officers, in their respective capacities, could not have been completely unconcerned with the management of the by-elections. A

foreign correspondent returning from Dacca about the end of October 1971, described the situation in Dacca as "nightmarish" wherein any suggestion of elections would be only a cruel joke.

The above is just a solitary incident that may look too small indeed in the overall context and sweep of the HRCR. All the more reason why the document be aired to help us see things in their correct perspective. It can hardly be denied that the HRCR is the most important single document of our brief but highly turbulent and traumatic history as a united country until 1971. It cannot therefore be swept under the rug for the simple reason — or the supreme unreason — that the principal authors and actors of the tragedy — Yahya, Mujib, Bhutto etc. — each had met his cruel fate and that the chapter on their deeds and misdeeds should best be closed. To say the least, this would be the height of **mulishness** refusal to learn from our blunders.

A wise man said that only fools learned from their own mistakes and that he learned from the mistakes of others: in other words, from history. The refusal to learn even from one's own errors, therefore, would not only be an insult to one's intelligence but also a rebuff to history as a record of the achievements and failures of a people. And history has to be written up and thus protected rather than left to hearsay and loose talk.

Furthermore, while nemesis or natural justice may not fail to overtake the wrong doers, sooner or later, it cannot substitute the law of the land itself which remains the supreme and the only dispenser of justice. Justice as the supreme expression of absolute truth and fair-play may not even be consistent with the normal law, in many cases, but the law is all that we have to obtain and do justice.

The authors of the 1971 tragedy cannot be forgiven or condoned simply because some of their less fortunate colleagues have already paid for it with life. The survivors cannot predict their own ultimate end and, here, as a good Muslim, one would be well-advised

always to have the fear of God in one's heart. Often history zigzags rather moves in a straight line. It turns the flank and surprises the wrongdoer by suddenly appearing in the rear. Let's always beware of that, and never place ourselves above and beyond the pale of searching self-analysis, true repentance and truthful confession no matter how painful.

We know nothing about the HRCR. We do not even know if it is still extant and in one piece. Ideally, the summary prepared by the authors of HRCR, specifically for public consumption, should have been released to clear at least some of the gnawing thoughts regarding the surrender in East Pakistan and ceasefire in West Pakistan. Should this still not be possible, however, a new commission be convened and the surviving witnesses summoned to record their statements afresh before it. The proceedings of the new commission — an inquiry or investigative body primarily rather than a court of law — should be thrown open to the public. Subsequently, the Government, in the light of each statement recorded, can either honourably acquit or proceed against individual witnesses. The witnesses can submit their statements to the commission either as affidavits in writing or orally in person. This body can be presided over by the senior most surviving officer of the armed forces of the 1971 vintage and assisted by two or three other officers as members.

The first name to have come to my mind in this connection was that of Gen Abdul Hamid Khan, Chief of Staff, Pakistan Army, during the crisis years, and Gen Yahya Khan's closest, life-long associate. But just when these lines were being written he died on July 21, 1983 after a long illness. Gen Hamid, enjoyed the reputation of being a level-headed general officer and a gentleman.

Others like the then Chief of the General Staff (CGS) and subsequently the last army C-in-C, Lieut. Gen. Gul Hassan Khan and Air Marshal Rahim Khan, C-in-C, PAF had been too controversial to act as

the president of the inquiry commission.

The same goes for the remaining two senior Generals — Tikka Khan and Amir Abdullah Khan Niazi — who having been too deeply involved in the crisis cannot act as the President of the non-judicial commission.

Absolute truth

The majority of officers connected with the East Pakistan crisis, are still alive, though retired. Some of them are re-employed and holding important positions in the government. They owe it to the nation as to their own conscience to explain with absolute truth and honesty their own individual role immediately before and during the crisis. Allah is alone omniscient, and omnipotent; the final arbiter and dispenser of justice. But He has delegated man the authority and granted him the wisdom to make and administer his own laws in the light of the divine injunctions and values.

Let us all realise and accept the painful fact that 1971 trauma represented our collective and total failure in managing our own affairs and that none of us who had anything to do with it even remotely can just shrug off the onus of proving his innocence. There is too much on stake to allow considerations of personal convenience and interest to obstruct the passage and expression of truth and nothing but the absolute truth.

In case, even a non-judicial commission may not be found a practical proposition, each individual who appeared before the Hamoodur Rahman Commission, as a witness, may submit, under oath, his own statement to the Ministry of Defence or to their respective Service Headquarters for record and further necessary action. The record must be put straight at all events even if the final verdict and punishment is left to history and its many devious ways of finding skeletons in the hidden cupboard!

SAUDI-PAKISTAN COMMERCIAL CENTER READY

Karachi DAWN in English 11 Aug 83 p 9

[Text]

The Saudi-Pakistan Commercial Centre in Jeddah, is ready for operation, the Executive Director of the Centre, Mr. Mahboob H.M. Siddique, said in Karachi on Tuesday.

He told a Press conference the Centre would become a permanent place for display of Pakistani goods in Saudi Arabia where Pakistani exporters would be able to offer their products to Saudi buyers and representatives of other countries who frequently visit Saudi Arabia.

The Centre has been set up with the active support of the Pakistan Government and provides 100,000 sq. ft of storage facilities.

He said the Centre would also promote joint ventures in Saudi Arabia. It would provide incentive to cottage industry in Pakistan and

ensure its sale in the Saudi and other markets.

In a message to the centre, President Zia-ul-Haq expressed the hope that it would play a major role in promoting closer contacts between the business communities of the two countries.

"There is doubtlessly an enormous scope for the flow of goods between Pakistan and Saudi Arabia, specially at the private sector level", the President said. "What is needed is to set up appropriate institutions to ensure and increase this flow", he added.

Federal Finance Minister Mr. Ghulam Ishaq Khan, in his message said the Centre would play a vital role in introducing the entire range of Pakistan's export potential in the Saudi market.

CSO: 4600/846

FOREIGN MINISTER ON JOINING COMMONWEALTH

Karachi DAWN in English 13 Aug 83 p 4

[Text]

DHAKA, Aug 12: Pakistan's Foreign Minister, Sahabzada Yaqub Khan, said here today that Pakistan is interested in her re-entry into the Commonwealth but she will not go down on her knees to do so.

In an obvious reference to India's opposition to Pakistan rejoining the group of former British colonies, he told an airport news conference prior to his departure for Islamabad at the end of a three-day official visit here that Pakistan would only be interested in Commonwealth's membership if this could be obtained with dignity.

We will not walk on four to get back into the group, he emphasised.

He also denied that Pakistan had formally asked Bangladesh to sponsor her re-entry into the Commonwealth.

Pakistan left the group in 1972 in protest against Bangladesh's recognition by the Commonwealth, but has since expressed her desire to re-enter.

He told a questioner that the issues relating to the repatriation of Non-Bengalis and division of assets and liabilities were discussed during his stay in Dhaka but no decision was taken.

Describing these as complex questions, Sahabzada Yaqub said that there could not be quick solutions to these questions. These discussions would be continued.

PAKISTAN, BANGLADESH SIGN VISA AGREEMENT

Karachi DAWN in English 13 Aug 83 p 4

[Text]

DHAKA, Aug 12: Pakistan and Bangladesh today signed a visa agreement facilitating travel between the two countries.

The agreement was signed at the Foreign Ministry this afternoon by Pakistan's Foreign Minister Sahabzada Yaqub Khan and his Bangladesh counterpart Aminur Rehman Shamsud Doha.

A Pakistani spokesman said that it was the first visa agreement between the two countries and would, inter alia, standardise visa issuing procedures and registration requirements. The people of the two countries had, in the absence of a regular visa agreement, faced difficulties on these counts which would be removed now. The agreement would be particularly beneficial for temporary visits by businessmen.

Yaqub meets Chowdhury

Another report adds: Visiting Pakistani Foreign Minister, Sahabzada Yaqub Khan, called on the Bangladesh President, Justice Abul Fazal Mohammod Ahsanuddin Chowdhury at Bangobhavan here today.

He stayed with the President for about 20 minutes, during which he conveyed to him the good wishes of

President Zia-ul-Haq. The Bangladesh President conveyed his best wishes to the Pakistan President through Sahabzada Yaqub Khan.

President Ahsanuddin Chowdhury, who is convalescing after a recent surgery, during the course of conversation with the Foreign Minister emphasised that the two countries should further widen the scope of their cooperation in mutual interest. The Bangladesh President told the Foreign Minister that he had keenly followed developments in Pakistan, especially Islamisation measures, and extended his best wishes and prayers for the success of these measures. President Chowdhury also emphasised the need for unity and solidarity of Islamic countries.

Earlier in the morning, Sahabzada Yaqub Khan called on the two Deputy Chief Martial Law Administrators, Rear-Admiral Mahbub Ali Khan and Air Vice-Marshal Sultan Mahmood.

A deputation of non-Bengalis met the Foreign Minister in his hotel suite.

Last evening, Pakistan's Ambassador in Bangladesh, Tanvir Ahmed Khan, held a reception at his residence in honour of Sahabzada Yaqub Khan. The re-

ception was largely attended. About 200 guests, present on the occasion, included Ministers, high-ranking civil and military officials, heads of diplomatic missions, intellectuals, editors of newspapers and prominent citizens. Independent observers here said a number of intellectuals, journalists and prominent citizens had come to an official Pakistani function for the first time since 1971.

Offers Juma prayers

Sahabzada Yaqub Khan also offered 'Juma' prayers at the Baitul Mukarram mosque in the city centre.

The huge beautiful mosque was full of 'Namazis', a number of whom greeted Sahabzada Yaqub Khan on arrival and shook hands with him warmly.

After the prayers, Sahabzada Yaqub was shown round the mosque library and presented two sets of Islamic books in English and Bengali, on behalf of Islamic Foundation. He also signed the visitors book.

A large number of people, who had gathered at the gate of the mosque, cheered Sahabzada Yaqub enthusiastically when he left the mosque after 'Juma' prayers.—APP

PIA TO ATTRACT JAPANESE TOURISTS

Karachi DAWN in English 6 Aug 83 p 16

[Text] PIA in collaboration with Japanese tour promoters is planning substantial investment to attract Japanese tourists to Pakistan.

Over 4 million Japanese tourists travel abroad every year.

The project is a follow-up of President Zia-ul-Haq's visit to Japan last month. PIA's Managing Director Air Vice Marshal Wiqar Azeem who accompanied the President on the visit held preliminary discussions with airline officials, travel agents and senior hotel executives in Tokyo.

The Pakistan national carrier is learnt to have offered investment in well-equipped hotel and motel facilities, modern road transport and trained tourist guides with knowledge of Japanese language and culture. The complex to be developed is around Taxila which holds great attraction for Buddhists having once been a centre of Buddhist learning.

Informed sources told PPI that Japanese tours promoters have evinced keen interest in the project and if PIA succeeds in attracting a regular flow of Japanese tourists it will not only promote tourism in Pakistan but also take the airlines' pearl and silk route operations out of the red. PIA presently flies four services a week to Tokyo--twice via Beijing and another two via Bangkok and Manila.

PIA is also understood to be considering to share the flow of tourists with a Japanese airline at least in the first few years of the project. Once the area establishes as an attractive tourist destination for Japanese, PIA could negotiate a new arrangement.--PPI

CSO: 4600/844

BOARD FOR FEDERAL GOVERNMENT SCHOOLS PLANNED

Karachi DAWN in English 6 Aug 83 p 3

[Text]

The Federal Government has decided to establish a board for Federal Government schools to provide better education at school level by improving the functioning of Federal Government schools, it was officially learnt here yesterday.

The functions of the board will be

- To oversee functioning of the schools, evaluate their standards of education and adopt appropriate measures for improvement.

- To ascertain that adequate educational facilities are available for the population of Islamabad and Federal area and give directions for immediate and long-term planning.

- To approve policy governing to the schools.

- To determine and coordinate overall educational and administrative policies for efficient functioning of the schools within the framework of rules and regula-

tions of the Federal Government.

- To ensure proper coordination between various organisations agencies for efficient planning and development of education and to remove bottlenecks.

- To ensure adequate availability of funds to schools to promote proper education, welfare and recreation of the students.

- To prescribe and review the rates of fees and students fund to be charged from students.

- To coordinate and regulate planning, designing, construction and maintenance/repairs of school buildings.

- To approve and direct suitable measure for the welfare and training of teachers to improve their pre and inservice efficiency.

The Board will be headed by the Federal Education Secretary and include Administrator Islamabad, Chairman CDA, D.G. Pak PWD, Director Public Instructions, and Chairman Rabita Committee as members.—APP

CSO: 4600/844

SUPPLY OF INDUS WATER TO BALUCHISTAN SUGGESTED, FEASIBILITY DISCUSSED

Karachi DAWN in English 5 Aug 83 Magazine p 1

[Article by Sarwat Saulat]

[Text]

Baluchistan, with an area of 133,000 sq. miles, constitutes a little less than half of Pakistan. Yet it is the most backward of all provinces. Scarcity of water and lack of means of communications are the main reasons for the backwardness of this large region, which is almost equal to united Germany and Japan in area. If these hindrances are removed, Baluchistan has all potentials of becoming a developed and prosperous province of Pakistan.

According to a monograph prepared by the Ministry of Economic Affairs, in 1952 the lands in the lower Lasbela district are "like the bed of a single river, waiting to be cultivated, only if it could be dammed, before its waters reach the plain The land is neither too cool in winter nor too hot in summer and a variety of crops can be secured.

Makran, known for its inhospitable deserts, also, does not lack in cultivable and fertile lands. Hundreds of thousands of cultivable land is available in the valleys of Rakhshan and Dasht rivers and their tributaries. As there are no dams on these rivers to store water, almost all flood waters of these riv-

ers are wasted in the desert or go to the sea. However, wherever water is available in Makran, all kinds of crops, vegetables and fruits are grown.

The proposed Mirani dam is estimated to irrigate 30,000 acres of land in the upper reaches of Nihang only, a tributary of Dasht. In addition to this, thousands of acres of cultivable land is waiting for water in the lower reaches of the Dasht.

In the hinterland of Karachi (along the railway line, the Superhighway and Dadu Kohistan), thousands of acres are lying waste because of lack of water. In addition to 127,000 acres to be irrigated by the Hub dam, there is more than 150,000 acres of fertile land near Thano Bula Khan, which was to be irrigated by Dao and Darwat dams — a scheme now abandoned.

A million acres

No survey has yet been made to ascertain the exact extent of the cultivable area in the lower Makran, Lasbela and Karachi hinterland. However, it is no less than one million acres. The value of such a large cultivable area can be judged from the fact that if only one crop of wheat or rice is cultivated on this area it will be enough to feed four million people.

And if water is available on a perennial basis, it can produce two and three crops a year. By using modern methods of cultivation the yield per acre can easily be increased by one hundred per cent or

more. Now, the question is: is it possible to find water to irrigate such a large area on a perennial basis? The answer is yes.

In the above-mentioned monograph on Baluchistan a number of dams were recommended to store the flood water in upper and lower reaches of the following rivers:

Two dams across Hub at Diwana and Hindian; two dams across the upper reaches of Porali, near Noor Muhammad and near Topi Thana, north of Bela; two dams across Hingol north of Hinglaj, and one dam across Kolachi near Dilla Khan.

A number of small barrages were also recommended in the lower reaches of Porali and its tributaries to serve the double purpose of stopping rainfall run-off and sending out the water through a network of small canals to wider areas of the plain.

We know the Hub dam can irrigate about 125,000 acres of land. As Porali and Hingol, each, bring water almost as much as Hub, the total irrigation potentiality of these three rivers will be no less than 375,000 acres. To this can be added 150,000 acres of land that was to be irrigated by damming Baran at Dao and Darwat.

Kolachi in Sind and Dasht and other rivers of Makran can add much to this area. Thus we can say safely that about half a million acres of land can be irrigated only by the above mentioned proposed dams in the southern coastal belt of Baluchistan and Sind.

Reliability

But the quantity of water in these dams will not be reliable. It will depend on the extent of rainfall. This deficiency can be removed by transporting water from the Indus. For this purpose, these dams will have to be designed in such a way that they are linked with each other, so that water from the Indus can be transported up to the last dam on the Dasht river.

For example water from the Jamshoro Barrage will be lifted and carried to the proposed Dao or Darwat dam; from there it will be transported to the Hub dam and from there to the dams on Porali, and Hingol and then to the last dam on the Dasht, or to some suitable dam or barrage on small coastal rivers of Makran, like Shadi near Pasni.

This is not a flight of imagination; this is an engineering possibility and an economic feasibility. Here are a few examples:

The city of Los Angeles in collaboration with 13 other cities and communities, organised into a Metropolitan Water District of Southern California, carried out the construction of the Colorado river aqueduct. The main stem of this aqueduct branches off from the Colorado river at Parker dam, carries the water over several mountain ranges by pumping, and delivers it to the main terminal, Lake Mathews, 242 miles away. Its designed capacity is 1,600 cusecs. It involved the construction of three concrete dams, and five large pumping stations to lift the water to a total height of 1617 feet.

Modern Italy also furnishes an example of one of the most remarkable water supply systems of the world in the Apulian aqueduct, which conveys water from the moist western slopes of the Apennines to an area of 800 sq. miles of semi-arid territory in the south eastern corner of the country.

The main conduit, which has a capacity of about 110 million imperial gallons per day, is carried through the ridge of the Apennines in a tunnel 9½ miles long and extends for a distance of 152 miles at Taranto. It provides water to a population of three million.

Similarly, the gold mining centres of Coolgardie and Kargoorlie in Western Australia are another example. The source of water is near the western coast and the point of delivery is about 1,300 feet higher in the arid heart of the country 350 miles away.

The aqueduct was formed as pressure pipe of the locking-bar type (later replaced largely by welded pipes) 30 inches in diameter, with steel plates a quarter of an inch thick. The water is forced up, stage by stage, by means of a series of eight pumping stations, with balancing tanks at each station.

Height

These examples show that water in unlimited quantity can be carried to a distance of at least 350 miles and to a height of, from 260 ft. to 750 ft. and even more.

In our case, the distance from the Indus to Dasht is 350 miles and from the Indus to Hingol only two hundred miles. As regards height, most of the land in the region proposed to be irrigated by the Indus water is not more than 250 ft. above the sea level.

Jamshoro Barrage itself is situated at a height of 50 ft. If water is lifted from there to a height of 260 ft. it can reach a height of more than 300 ft. Therefore, water from the Indus can be successfully carried stage by stage and pumped to a height of 300 ft. or more to the last point at Dasht or Hingol.

For this purpose two dams will have to be constructed at each river: one on the lower reaches of the river to store water from the Indus; and the other across the upper reaches to store flood water of those rivers.

Thus it will be possible to raise two or three crops a year, making Baluchistan a surplus area in food and industrial crops. Water can also be used for civil and industrial purposes, for setting cities, ports, airports, naval bases, cantonments and tourist spots, for which Baluchistan's beaches are most suitable.

Throughout the whole summer, from April 15 to the end of August, the discharge in the Indus is more than fifty thousand cusecs at Jamshoro. During the floods it reaches more than half a million cusecs and some times even to one million. All this water is wasted into the sea.

Ten to fifteen thousand cusecs of this water can easily be diverted to the parched lands of lower Sind and Baluchistan.

The only objection that can be raised against the scheme is that by diverting water of the Indus in such a large quantity, high flood farming along the banks of Indus would suffer. But this loss can be made up by introducing lift irrigation along the banks of the lower Indus. Moreover, benefits of diverting water of the Indus to Baluchistan are so enormous that small losses can be sacrificed for the larger interests of the country.

The diversion of the Indus water to Baluchistan will change the physical features of southern Baluchistan. A large part of this barren region will be turned into green fields, making Baluchistan not only self-sufficient in foodgrains but a surplus region.

Availability of water in large quantities could also pave the way for the establishment of all sorts of industries in the hitherto backward Baluchistan, bringing it at par with the other provinces of the country. Thus, the economy of Baluchistan will be linked with the rest of Pakistan, particularly with Sind, with the water of the Indus serving like blood in the economic veins of Pakistan.

BRITISH LAWYER PUBLISHES BOOK ON BENAZIR

Karachi DAWN in English 5 Aug 83 p 20

[Article by Yehia Syed]

[Text]

LONDON, Aug 4: A 12-page, fully illustrated booklet, entitled "Benazir Bhutto: a life in balance," written by Dr. W.F. Pepper, an international lawyer of Cambridge, is circulating here, priced at 50 pence.

It does not give the name of the publisher nor that of the body which sponsored its publication.

Mr. Pepper, who was trained in the US and UK, was a journalist in Vietnam in 1966. He has long been involved, according to the introduction in the booklet, in civil and human rights activities in the US as well as other countries.

The foreward of the booklet is written by a French jurist, M. Etienne Jaudel. He admits he "never had the opportunity to meet Benazir Bhutto," but "delegated by 'Federation Internationale Des Droits de L'Homme,' I attended, as a judicial observer, in the spring of 1978, several sessions of Supreme Court of Pakistan in Rawalpindi, where the appeal of Prime Minister Bhutto was being heard."

The Pakistan authorities, writes M. Jaudel, "who have acted in a humanitarian manner in welcoming the countless Afghan refugees, would gain in stature in the free world by adopting liberal political system which they have promised for so many years they would demonstrate the certainty of the legitimacy of their power by freeing Benazir Bhutto and allowing her to express her views before her fellow citizens as well as before international public opinion."

Included in the booklet is a report written by Bruce Loudon, from Karachi on Benazir Bhutto, which was published on Aug. 17, 1979.

The Bhutto family's dentist, Dr. Niazi, told 'Dawn' he was busy collecting latest information about the state of Benazir Bhutto's health, especially about her complaint of the middle ear for which she recently underwent a successful operation at the Mideast medical Centre. He disclosed that in addition to ear infection, she was also suffering from tooth trouble, which needed immediate attention.

CSO: 4600/844

OIL, NATURAL GAS BODY'S PERFORMANCE DISCUSSED

Karachi DAWN in English 5 Aug 83 p 17

[Excerpts]

ISLAMABAD, Aug 4: The Majlis-e-Shoora was told today that the amount allocated to Oil and Gas Development Corporation of Pakistan (OGDC) had so far been recovered in the shape of exploration and production of oil and gas in the country.

Maj-Gen (Retd) Rao Farman Ali Khan, Minister for Petroleum and Natural Resources, speaking during Question Hour expressed his satisfaction over the performance of the OGDC.

Answering a question from Mr. Obaidur Rehman, he said the production of oil was 4.738 million U.S. barrels and gas was 347.128 million cubic feet during 1982-83.

He said OGDC was financed hundred per cent through ADP and all its earnings from the production of oil and gas were deposited in the Government treasury.

The Minister told the House that the country was meeting about 55 per cent of its oil and gas requirements from local production while the remaining 45 per cent was being met by imports.

To a question from Dr. Mrs. Ameena Ashraf he said 13000 to 14000 barrels of oil was being produced daily in the country. Of them 4,500 barrels was being extracted from seven Khaskheli oil fields.

He said total 19 oil wells had been dug in Hyderabad and Badin

districts.

In reply to another question from Mr. Kamaluddin Kamal Salarpuri, he said 77 oil wells were spudded in the country by the end of June this year. Of these 69 proved successful. Some of them had become dry with passage of time.

He said at present 880 million cubic feet of gas was being obtained per day from the Sui gas reserves. He, however, said it would not be appropriate and useful to get more than this quantity. The question was asked by Mr. Mumtaz Ahmed Tarar.

In reply to another question, he said it was a fact that the Government had assured Pakistan Petroleum Limited to get a loan of 88 million dollars for it. He said there was no proposal under the consideration of the Government to nationalise Pakistan Petroleum Limited and to merge all the gas companies into one company.

To a question from Mr. Zain Noorani, the Minister said that a transmission line between Guddu power station and Jamshoro was being laid and was expected to be ready by October. This would carry 200 kv transmission line to Karachi, he added.

Maj-Gen (Retd) Rao Farman Ali Khan told the House that the allocation of gas was not made on local-ity basis but was on sectoral basis.

To a question from Dr. Mrs. Ameena Ashraf, he said

Hyderabad city had not faced any shortfall in supply of gas. When the questioners pointed out some leakage in the gas supply, he said he would look into the matter.

Replying to another question, he said 3,13,700 tourists arrived in Pakistan during 1982. Total Rs. 24 million was earned by the Government during this period from the tourists, he added.

To a question from Lt-Col (Retd) Syed Mukhtar Hussain, the Minister said the Karakoram Highway had been opened up to Batura bridge, about 70 miles short of Khunjab Pass. He said the open areas of the Karakoram highway has been publicised through Pakistan missions abroad and leading tour operators within the country and abroad.

The Tourism Minister further said a publicity campaign had been launched for the promotion of Karakoram Highway in foreign countries. Over 50,000 brochures on Karakoram Highway had been printed for distribution in tourist generating countries including the Western countries. The construction of a hotel was being planned at Karimabad (Hunza), he added.

To a question from Mr. Mian Gul Aurangzeb, he gave the names of 14 managing directors who had been appointed in the PTDC since its inception.

INFLUX OF BANGLADESHIS INTO KARACHI SAID INCREASING

Karachi DAWN in English 11 Aug 83 p 8

[Text]

Influx of Bangladeshi nationals in Pakistan, particularly in Karachi, through unauthorised routes has increased recently, informed sources said here.

Organised gangs are involved in this illegal traffic. These gangs, the sources said, "manage" to obtain National Identity Cards for them as well.

Area councillors, when contacted by an APP correspondent, said that the old pockets of Bangladeshi-speaking people of the United Pakistan days, which had thinned out after the repatriation under a tripartite agreement of Pakistan, India and Bangladesh, were now overflowing with the new arrivals. At the same time a number of new pockets have sprung up mostly on Government land in "Sau Quarter area" along sea-side in Korangi, 36-B, Landhi, Sectors 16, 15 and 12 in Orangi Town, Mauripur Road, and cluster of Jhuggis on Lyari and Orangi nullahs.

The councillors and heads of Mohalla committees said that their entry started some three years back in a small way and continued unabated without any check by the concerned agencies. But, of late, their number is swelling every day and according to conservative estimates, over 50,000 Bengalis have

entered through unauthorised routes.

These illegal immigrants, the source said, find "lucrative jobs" as domestic servants in posh localities. They are also in great demand in industrial establishments particularly in jute mills. In SITE area, one could come across these immigrants in almost every industrial unit in quite substantial numbers causing unemployment problem for the local population. Some of them, they said, manage to get Pakistani passports and go to the Middle East countries for jobs. A number of such persons have been hauled up recently at the airport while attempting to go abroad on Pakistani passports.

The councillors expressed great concern over the influx and demanded strict action not only to check their entry but to get them out as who knows what type of elements are making inroads into Pakistan.

Of late, these gangs have ventured to undertake women trafficking. Bangladeshi girls are lured by those gangs and brought to Pakistan where they are sold for immoral purposes for huge amounts. A number of Bangladeshi girls and their agents have been arrested by the police in Karachi and Hyderabad.—APP

FIGURES GIVEN ON NEWSPAPERS, PERIODICALS

Karachi DAWN in English 10 Aug 83 p 12

[Text]

ISLAMABAD, Aug 9: There are at present 121 dailies, 315 weeklies, 158 quarterlies and 562 monthlies in the country.

This information was given to the Majlis-i-Shoora on Tuesday morning by Raja Mohammad Zafar-ul-Haq, Federal Minister for Information and Broadcasting.

In reply to a question from Agha Saderuddin Durrani, he placed a list before the House showing language-wise breakup of dailies, weeklies, quarterlies and monthlies being published in all the provinces.

The detailed list shows:

Dailies

PUNJAB (60): English 2, Urdu 58. SIND (38): English 7, Urdu 16, Sindhi 12, Gujrati 3. NWFP (13): English 1, Urdu 12. BALUCHISTAN (8): English 1, Urdu 7. ISLAMABAD (2): English 1, Urdu 1.

Weeklies

PUNJAB (174): English 5, Urdu 167, Punjabi 1, English/Urdu 1. SIND (101): English 15, Urdu 40, Sindhi 45, Gujrati 1. NWFP (22): Urdu 20, Urdu/Pushto 1, Pushto 1. BALUCHISTAN (16): English 1, Urdu 11, Pushto 2, Baluchi 1, Brahvi 1. ISLAMABAD (2): Urdu 1, English Urdu/Arabic 1.

Quarterlies

PUNJAB (102): Urdu 42, English 44, English/Urdu 13, Urdu/English/Arabic 1, Arabic/English 1, Seraiki 1. SIND (50): Urdu 14, English 35, Sindhi 1. NWFP (nil). BALUCHISTAN (nil). ISLAMABAD (6): English 5, Urdu 1.

Monthlies

PUNJAB (282): Urdu 236, English 36, Urdu English 7, Urdu/Arabic 2, Punjabi 1. SIND (256): Urdu 129, English 110, Sindhi 12.

Gujrati 5. NWFP (10): Urdu 6, English 2, Pushto 2. BALUCHISTAN (2): Baluchi 1, Pushto 1.

ISLAMABAD (12): English 7, Urdu 2, Dari Persian 1, Persian 1, English Urdu 1.

CSO: 4600/846

SIX NEW POLYTECHNIC CENTERS PLANNED FOR SIND

Karachi DAWN in English 13 Aug 83 p 10

[Text]

The Sind Government will spend Rs 45 million on the promotion of technical education in the province during the Sixth Plan, Provincial Education Minister, Mr. Justice Syed Ghaus Ali Shah, said at the conclusion of the second 12-day national work shop on revised curriculum of polytechnic institutes in Sind on Thursday.

During the Sixth Plan, six new polytechnics will be opened at Thatta, Lyari (Karachi), Badin, Sanghar, Shikarpur and Larkana at a cost of Rs 16 million each, while a third women's polytechnic will be established in Hyderabad at a cost of Rs 20 million and new technologies will be added in the existing institutes.

Besides, 25 villages workshops and five new commercial training institutes will be opened in Badin, Hala, Ghotki, Shahdadkot and South Karachi. Ten new vocational institutes will be opened at a cost of Rs 20 million.

He stressed the need for appropriate planning and continuous efforts to manage technical education on right lines.

To achieve the objective, the Minister said, a great deal of re-

sponsibility lies on teachers who had to keep himself abreast with the latest changes taking place around him in the field of science and technology. — APP

APP report adds:

Earlier, Mr. Inamul Huq, Director, Technical Education (Sind), outlined the steps taken during the last 3 years for the promotion of technical education in the province which included opening of new polytechnic institutes, introduction of new technologies in the existing institutes, increase in the seats for admission in 3 year diploma courses, opening of vocational institutes for women, diploma programmes for women vocational institutes, establishment of village workshops etc.

He said that the Directorate revised the first year polytechnic curriculum last year and this workshop will greatly help the teachers in imparting technical education to students in accordance with new techniques and changing needs.

The workshop was attended by 82 teachers, heads of departments and principals from Sind, 12 from NWFP, two from Punjab and two from Baluchistan.—APP.

CSO: 4600/848

OMBUDSMAN: COMPLAINT PROCEDURES DEFINED

Karachi DAWN in English 9 Aug 83 p 3

[Text]

ISLAMABAD, Aug. 8: The Wafaqi Mohtasib (Ombudsman) has taken the oath of office and is in position to look into complaints and grievances against offices of the Federal Government, says a Press note issued here on Monday.

Public has been advised that the following be kept in mind while submitting complaints:

— Complaints should be made on solemn affirmation or oath and in writing addressed to the Wafaqi Mohtasib Secretariat, near Zero Point, Islamabad. The complainant should specifically state the name of the office or officer against whom the complaint is made and describe the facts in a simple and concise manner.

— For facility of correspondence, the name and full postal address of the complainant as well as the number of his national identity card should be clearly mentioned. It may be noted that the law on the

subject does not permit any action on anonymous complaints.

— Complaints may be about maladministration arising out of official acts which are contrary to law and rules and regulations or are arbitrary, unjust or discriminatory, or involve corruption such as excess, or relate to neglect and delay.

— It may be stated for general information that the expression "offices of the Federal Government" means a ministry, division or department and the statutory (autonomous and semi-autonomous) corporations. It includes air, shipping, gas and electricity supply companies, nationalised and taken-over industries, nationalised banks and insurance companies, means of communication like railway, post, telephone and telegraph, organizations such as radio and television, federal universities, etc.—APP/PPI

CSO: 4600/845

SPECIAL PETITION CELL DELUGED BY COMPLAINTS

Karachi DAWN in English 9 Aug 83 p 8

[Text] Over 1,150 applications were received yesterday at a special cell set up at Police kiosk near Metropole for submission to President Zia-ul-Haq during his current visit to the city.

The aggrieved persons included women and the old—many from other parts of Sind.

Some submitted one or two-page petitions—typed as well as handwritten—while a few others had brought bulky files with full details to prove the legitimacy of their case.

The appellants asked searching questions from the officer incharge and wanted to know if the President would grant interview (individually or collectively) to listen to their problems, or they would know the decision through post.

There were also applications seeking employment.

There was rush between 10 a.m. and noon, and the traffic police had to be called out.

A lady doctor approached in a taxi at about 4.10 p.m. and requested the officer Incharge to accept her application. This was done.

Most applications pertained to disputes between landlord and tenant and vice-versa, land allotment, procedural delays in the finalisation of cases, etc.

Suggestions regarding implementation of Islamic laws were also stated to have been received.

Till about 3.30 p.m. a total of 1050 applications were received, while 100 more were filed in the last 40 minutes.

The officer incharge told some petitioners that the applications would be processed by a team of officers and then submitted to the President. He, however, assured that every application would be placed before the President for his perusal and orders.

The Special Petition Cell will continue to receive applications today also from 10 a.m. to 2 p.m., it was officially announced last evening.

CSO: 4600/845

MINISTER RECOUNTS ECONOMIC ACHIEVEMENTS

Karachi DAWN in English 12 Aug 83 p 22

[Text]

ISLAMABAD, Aug 11: Pakistan's economic attainments in the last six years form a shining example, acknowledged both by its friends and foes, in the midst of the worldwide economic gloom caused by a prolonged recession, Finance Minister Ghulam Ishaq Khan said here on Thursday evening.

This tangible progress and prosperity has filtered down to the lowest rung of the society, he claimed.

The minister said the economic performance of Pakistan since 1977 was real, and not a fantasy or self praise.

He offered this analysis of the state of economy while winding up the Majlis-i-Shoora debate on the Federal Budget for 1983-84. One hundred and sixty-two members and federal ministers participated in the debate.

The minister put before the House the fact that:

— Pakistan's gross national product (GNP) has grown one and a half times in the last six years.

— Its six per cent annual growth, in spite of the global economic recession, is double than the growth rate of other developing countries.

— The farm sector growth was 4.5 per cent and that of the industrial sector nine per cent a year, which is reflected in food self sufficiency, foodgrains reserves, and a significant increase in exports.

— Pakistani exports have tripled over the last five years, in terms of value, and rose 10 per cent a year, while the global trade was shrinking.

— The balance of payments deficit in 1982-83 was slashed to less than a half at 550 million dollars, compared to its 1976-77 level.

— The foreign exchange reserves in 1982-83 soared to dollar 1,735 million dollars, from a year earlier level of 780 million dollars.

The minister rebutted the criticism that the budget did not help the common man.

Among the numerous welfare measures undertaken by the Government, the minister mentioned collection of Rs. 2,500 million 'Zakat' during three years, ended March 1983. It has been distributed to 1.5 million families of "Mustahqueen".

The minister also explained that the Government was resorting to deficit financing on a very limited scale. It is now 1.5 per cent of GNP down from five per cent during the previous government, he said.

Mr Ghulam Ishaq Khan said while the consumer price index in 1982-83 rose by only 5.2 per cent, and the wholesale price index by 4.5 per cent. It means the rate of inflation, in the last five years was down to ten per cent annually, compared to 17.5 per cent a year during 1972 and 1977.—APP

PAKISTAN'S 36 YEARS ANALYZED; BACKWARDNESS SCORED

Karachi DAWN in English 12 Aug 83 p 17

[Text]

THIS is the thirtyseventh time that the Aug 14th sun has risen upon a sovereign State called Pakistan. These thirty-seven dawns span a period of thirtysix years. Essentially this is a very considerable period. In technical and chronological terms no less a power than China is two years our junior. And Chairman's Mao's comrades had inherited a vast and populous State completely annihilated by a sanguinary and protracted civil war.

India is our twin. And in the same thirty-six years its people have been to the polls seven times. Neither war nor internal unrest has obstructed the process of democracy in that country. As an industrial power it is now contending with the leading giants of the West. Despite the refugee influx we inherited far fewer problems than China, while India was of the same kettle of fish as us. Moreover, both China and India were overpopulated, famine-prone, illiterate, grossly under-developed, far below the poverty line. Both were proverbially Asian. In thirtyfour and thirty-six years, respectively, both have come a long way in the expansion of gross domestic product and in the development of institutions.

India and China successfully broke away from their colonial past. India's industrial sector turned east. China focused upon self-sufficiency. Where did we go wrong?

Balance-sheet

We must reflect upon the balance-sheet spanning the period 1947-83, and upon some of the more fundamental issues. What were the essentials of the Raj that the struggle of our parents brought to an end? Or did it? What were the objectives of the Raj? Who aided their fulfilment? Who enforced the Raj? And when, if at all, did it come to an end?

The Objectives of the Raj: The objectives of the Raj were primarily three-fold: the collection of revenues; the expropriation of India's raw-materials; and the opening up of India as a consumer's market to Imperial manufacturers.

Expansion of the borders, and the maintenance of law-and-order within those borders, were thus essential to the growth and vitality of the Imperial capital. Peace keeping within and wars without remained the strategy and tactics of the Raj. Peace on the borders, and peace within could alone ensure the maximum imperialist expropriation. Who aided the establishment of the peace and prosecution of the wars? Were we not ourselves the mainstay of our own alien masters?

At the height of its power, in 1929, the Raj in India was administered by only 881 senior European officers, mostly of the ICS. At the beginning of the nineteenth century 200 million Indians lived under the East India Company. For this purpose the Company employed for this purpose only 40,000 Europeans and supported an army of 200,000 "natives".

After 1857 the number of the Europeans in India did somewhat increase and in 1900 there were

72,000 Europeans administering India. But in the 100 years since 1800 the subject population had also doubled to 400 million. The ratio of the alien administrator to the subject population had thus actually declined. The efficiency of the subjugating and administrative arm of the Raj, in other words, had shot up after the annexation of the Indus region in the 1840's. The "native" now provided an ever more skilful and professional support base to the Raj, and in the 1930's, the Imperial army of Indian "sepoys" exceeded one million.

The detachment that had stormed Delhi in 1857 comprised several thousand Indian soldiers led by a mere 221 European officers. The troops whom General Dyer had ordered to fire at the Jallianwala Bagh crowd in 1919 included a battery of Indians who discharged their ammunition with such calculated and deadly precision upon their own countrymen that they killed or wounded 1516 persons from the cold-blooded volley of only 1650 shots. (279 died). The only two judicial officers present at the scene who were latter to testify in support of their masters, were both Indians. One of them was a Muslim magistrate called Malik Hayat.

The Indian was, himself, his own greatest tormentor. In the service of the Raj he attacked and conquered his own people; sacked India's cities; opposed and obstructed the nationalist movement; arrested, detained or exterminated its popular political leaders; decreed prohibitions upon its Press; and broke the processions and demonstrations of the nationalist cause. He

himself provided the muscle to the oppressive peace-keeping arm of the Raj.

Other objects of the Raj were also furthered by the "native". Those who helped maintain law and order were only facilitating the real and supreme interests of the Imperial administration. Everyone of the services (civil, police, revenue, settlement, railways, irrigation), manned overwhelmingly by the Indians, did just that. While the Indian soldiers, flying the Union Jack, swarmed gallipoli to win it for the Raj from the Turks, and while they stemmed the rush of Rommel's armour at Meikilli, the Indian patwari, cotton inspector, district collector and railway engineer ensured adequate cotton cargoes to the Manchester textile industry. The expropriation of India's raw materials was the name of the game. Lancashire thrived upon India's misery.

The brown "sahibs" and "babus" were not politically motivated. Until Aug 13, 1947 they had obtained their pay-cheques from the Imperial government and, but for Mr Jinnah, would willingly have continued to do so even thereafter. In fact Imperial academies and training institutes taught them to despise their own countrymen. How else could this apparatus have had the heart to do what it did to national heroes like Iqbal and Bhagat Singh? With a studied and well-measured policy the British inculcated in their native confederates a repugnance towards the political leader and worker. To the British this was essential. After all these politicians alone were the actual contenders for power and governance. As with the England's "Princes in the Tower", and as in the case of the Crown Prince Dara Shikoh, the contending claimant had to be maligned. Thus alone could an alien and distant power rule over so vast and populous a country with such little actual effort. An anti-popular-self-government inertia was built into the bureaucratic apparatus of the

Raj. The politicians had to be portrayed as criminals and agitators. (Though these very "agitators" were to win the Subcontinent its independence. It was the agitating crowds who displaced the Raj; not the colonial officers who actually "replaced" it).

This over-all adverse equation continued, unfortunately, even after August, 1947. Independence somehow came wrapped in the Government of India Act, 1935. The Act had been drafted and passed by the Imperial British Parliament. It was obviously, therefore, not designed for an independent sovereign State. It gave a modicum of self-rule to the provinces, but kept the powers of the nominated Viceroy and the Governors supreme.

This was not all. When there existing British Governors out of the four in the Pakistani provinces were retained, the colonial system clearly survived the 1947 watershed. With these governors survived the entire colonial apparatus — the police, the civil revenue and military bureaucracy. The inevitable thus repeated itself in the Constitutional crises of 1954, 1955 and 1958. Each time the bureaucrat or the army-man carried to day. Qurban Ali, Mohammad Ali, Ghulam Mohammad, Sikandar Mirza and Ayub Khan are merely names. They symbolise, however, the continued dominance of the colonial system. The politician was again being style as an "anti-State agitator" — this time in the very country that he had won and by the very people whom he had out-maneuvred to win it!

Not that the politician was entirely free of all blame. No doubt he had spearheaded the struggle in the face of severe opposition by the Imperial bureaucracy and the military machine of the Raj. But he too abdicated the function of leadership to the colonial bureaucrat, and did so all too willingly.

Feudal class

The political leaders drew from a colonial feudal class and a colonial

bourgeoisie. The feudatories of the Raj were required to play a subordinate supportive role to the colonial bureaucracy. As Lambardars and Zamindars they aided the collection of revenue and the peace-keeping efforts of the Raj. Very few Zamindars could trace the titles to their land-holdings beyond 1857. They too, like the Deputy Commissioner, were a colonial creation. And the very scheme of the Raj was that they should perform an inferior and auxiliary function to the Imperial bureaucracy. The dynamism of the Quaid had pulled them into the League Movement at the eleventh hour during the 1946 election campaign. August 1947 and they fell back upon their natural subordinate role to the District Commissioner.

Those who belonged to the colonial bourgeoisie also kept up the pursuit of their colonial assignments. How they kept the markets open to Imperial manufactures is all too evident. Even after the creation of Pakistan its market has been kept so vulnerably open to Imperial manufactures that we have been enwrapped by a chronic adverse balance of trade and have developed an irrepressible and national preference for the "foreign-ka-mal". Despite countless incentives of (irrecoverable) credit facilities, tax holidays, almost total protection, we have a vast class of industrial-turned-middlemen traders dealing in the entire spectrum of foreign goods. Their propaganda and publicity, besides undercuts and perks keep the consumer inescapably hooked to Imperial products. Harvard think-tanks and World Bank-returnees ensure the perpetration of these policies while law-and-order and collection of the revenue remain the main concerns of the administrator. The Collector-cum-Deputy Commissioner and the Police Inspector epitomised the Raj. They continue to do so today.

When did the Raj withdraw its administration from us? The question is: Did it ever?

NEW OILFIELD DISCOVERED IN ATTOCK DISTRICT

GF232020 Karachi DAWN in English 21 Aug 83 p 1

[Text] Islamabad, 20 Aug--The Oil and Gas Development Corporation [OGDC] has discovered a new oilfield at Dakhni in Attock District.

OGDC experts believe that oil would be in "commercial quantities," at Dakhni and they plan to drill at least 10 more wells there.

This is the second oilfield discovered by the OGDC. The first oil discovery, Toot field, was made 15 years ago in February 1968. Dakhni oilfield is located about 30 kilometers northwest of Toot oilfield.

The minister for petroleum and natural resources, Rao Farman Ali, visited the newly discovered oil field of OGDC at Dakhni on Saturday and marked the opening of the field by watching the oil flow from the well. Present on the occasion were Mr Mukhtar Masood, secretary, Ministry of Petroleum and Natural Resources, Mr M. H. Rizvi, chairman of OGDC, and foreign and Pakistani experts of OGDC.

The petroleum minister was told by OGDC experts that drilling at Dakhni oilfield was stopped recently because of hydrogen sulphate (HS) contents along with oil.

They said, it was an extremely poisonous gas which could kill human beings. It would now be separated through equipment, to be imported soon. The well was drilled to a total depth of 4,950 meters. It was the deepest well so far drilled by OGDC.

The petroleum minister later told newsmen that oil discovery at Dakhni field was a big achievement of OGDC experts.

When asked if OGDC expected a fair quantity of oil from Dakhni, the minister said he himself was more than optimistic about the quantity of oil and gas.

PPI adds:

The discovery at Dakhni, besides economic importance, has great geological significance as it has opened the prospects of whole of north of Potwar area which was being given low priority. A number of structures in adjacent areas including areas presently under concession of another oil company have become of potential interest. These structures will now be thoroughly investigated and drilled.

The Dakhni area was declared unprospective by various domestic and foreign firms in the past. Drilling was later assigned to OGDC which after conducting many surveys indicated the possibility of oil and gas in fair quantity.

After grant of concession in 1979, OGDC started geological, seismic and laboratory investigations. Geological data confirmed the presence of favourable conditions for generation and accumulation of petroleum. Presence of sub-surface geological structure of about 70 square kilometers was revealed by application of modern techniques of seismic survey. All the work regarding selection of the area and the location was undertaken by the Pakistani experts only. The equipment used for seismic survey was provided to OGDC under a Canadian International Development Agency (CIDA) assistance programme.

CSO: 4600/867

IMPORT, USE OF NITROPHOSPHATE FERTILIZER CRITICIZED

Karachi DAWN in English 14 Aug 83 Business Supplement p I

[Article by Shaheen Sehba1]

[Text]

SIGNALS sent out by Pakistan that import of nitrophos — a complex fertiliser with no other buyers in the world — may be banned by Islamabad has thrown its European manufacturers into panic.

"These manufacturers representing a cartel in France and another two or three in U.K. and Scandinavia, had found Pakistan as the only market for their product and for years our lands and our farmers were made addicts of NP 23:23. If we stop buying, there has got to be panic," an expert remarked.

The story of how Pakistan became the only country in the world to buy nitrophos is not only intriguing but revealing as well.

Potential market

In the early days when Pakistan started using fertiliser, the manufacturers of nitrophos saw it as a potential market for their product which in all other major fertiliser consuming countries — USA, Soviet Union, China, India, Iran, Turkey and Brazil — had been rejected as a potent source for phosphates.

So the manufacturers, in their bid to make Pakistan as their alternate market, started offering NP free of charge.

"Huge grants and tied loans were offered to Pakistan with the condition that we shall have to buy only NP. So much so that in one case, the

British Government offered a £5 million grant to Pakistan which Islamabad refused to accept if NP was to come with it," one official recalled.

Influx

The result of this massive influx of NP was that our farmers and the lands started getting used to the product. Then came the time when demand for NP was so great that we started using our cash and foreign exchange resources to buy it and thus the wheels of the European industry kept moving.

Lobbying and string-pulling continued until Pakistan decided to set up its own NP plant at Multan. This was part of the larger strategy to keep this country drugged so that with increasing demand more import would follow.

NP 23:23 has two constituents — nitrogen (urea) and phosphate in equal proportion. Pakistan was making urea since long and to meet its phosphate requirements it was being made to import NP, which included half of urea as well.

One official estimate put our imports of urea to 97,000 nutrient tonnes in 1982-83, on the other hand, the locally produced surplus we exported was 159,000 nutrient tonnes. This left our net exports to only 62,000 n. tons.

"How can a poor country like ours continue to import such large quantities of a commodity which it already has in surplus and which it cannot market abroad due to a deep recession," one expert asked

Pakistan has to import phosphate and potassium fertilisers to meet its requirements and when such varieties which offer only these constituents, that is TSP (triple super phosphate with 46 per cent phosphate and no nitrogen or potassium) are available, why go for wastage on complex fertilisers.

The lobby for the NP claims some technical as well physical reasons to prove its superiority over others. A recent representation to the Federal Minister for Planning by an international expert who claims to have served the interests of Pakistan for 27 years in this very field, quoted the achievements of NP in increasing per hectare yield of wheat and rice in Pakistan from 1600 kg to 2299 kg and 1610 kg to 2965 kg respectively.

He also claimed that by changing from NP to another fertiliser DAP with a lesser urea content, the yields had slipped back to 1638 kg for wheat and 1601 kg for rice, during 1980-81.

Arguments

But those opposed to NP say its disadvantages are so great that even on free-grants its import is harmful to the interests of the country.

Their arguments include low water solubility of NP, high salt index and adverse effects of its use on alkaline soils which are common in Pakistan. Besides technical reasons, the thrust of their argument is on the international acceptability or otherwise of the fertiliser.

Experts quote a World Bank report which described NP as an expensive fertiliser, twice as costly as DAP if used as a source for phosphorous.

Realising the force of the arguments against the use of NP, the Government of Pakistan started a phased programme to cut out its imports and replace it by more phosphate bearing fertilisers. One official agency recommended to the government to immediately start trials to test TSP and other non-nitrogenous fertilisers.

Pressure

Since the lobbyists of the NP manufacturers are not prepared to give in easily, a lot of pressure is being exerted to continue import of NP, if not on cash at least on credit and under tied loans and grants, one official source told Dawn.

Government agencies dealing in fertiliser imports and planning the fertiliser policy still seem in two minds on whether or not to stop imports of NP totally. But there is a large section within the government which feels that import of NP is a crude joke with the country's economy and this should be stopped forthwith," one insider said.

Said another expert: "Even if NP is imported free of cost, the subsidy being provided by the government on this fertiliser would be there and it is the highest; and if you count the millions of tonnes of NP imported and used, the total subsidy given could run in to billions of rupees."

BRIEFS

IJT STUDENTS STAGE DEMONSTRATION--Some supporters of Islami Jamiat-i-Tulaba on Monday held a rally at Burns Road to protest against the reported move to ban student unions all over Pakistan, says a IJT Press release. They displayed placards and raised slogans in support of their demands. Later, they also demonstrated in front of the office of a local newspaper. [Text] [Karachi DAWN in English 9 Aug 83 p 8]

DIRECTIVE ON MEETINGS ISSUED--Multan, Aug 8: The Punjab Government has directed all District Magistrates in the province not to give permission to Chairmen of Local Bodies, heads of educational institutions, any organisation or a person for holding meetings in their respective halls etc. until necessary protective measures have been arranged before the start of speeches in advance at particular venue of meeting. The Government in its circular, said that holding of meetings without necessary protective measures to be taken in advance, is prohibited according to the laws of the country as well as under the Martial Law. The Government has advised such organisations and individuals to get proper permission for holding meetings from the respective District Magistrates, Deputy Commissioners or the Superintendents of Police by submitting proper applications well in advance. [Text] [Karachi DAWN in English 9 Aug 83 p 10]

WITHDRAWAL OF PROVISIONAL CONSTITUTION--Mr Abrar Hasan, Chairman, Pakistan Academy of Jurist and a former President of Karachi Bar Association, has appealed to President Zia-ul-Haq to withdraw the Provisional Constitution Order before announcing any changes in the political structure of the country. In a Press statement in Karachi on Monday, he said the PCO had not only destroyed the principle of sharing state power by legislature, executive and judiciary alike, but also it was the main obstacle in the way of restoration of 1973 Constitution. Mr. Hasan observed now when the commission appointed by the President had also recommended that the 1973 Constitution should provide the basis of any future political structure of the country it seems that there was complete unanimity amongst all sections of population on the restoration of 1973 Constitution. But, he viewed, the first step towards restoration of 1973 Constitution is to withdraw the PCO first and administer oath to judges of Supreme Court as provided in the Constitution. [Text] [Karachi DAWN in English 9 Aug 83 p 8]

'SOCIALISM' SHOCKS PPP LEADER--Maulana Ehtramul Haq Thanvi, President, Karachi Zone of the defunct Pakistan People's Party, has objected to a part of the PPP's Steering Committee resolution which said that the "masses want Socialism," He told "Dawn" last evening he had formally written to Mr. Ghulam Mustafa Jatoi, President of the defunct PPP, Sind, seeking "certain clarifications in this connection. Maulana Thanvi said he was "simply taken aback" when he read it in the Steering Committee's resolution which "I consider absolutely uncalled for at this particular juncture". The Maulana said that under Party discipline he would not like to comment further. However, he made it clear that he had the right to dissent and, therefore, he would exercise it by "appraising the party leadership of my stand." [Text] [Karachi DAWN in English 11 Aug 83 p 12]

POLITICAL WORKERS ARRESTED--Islamabad, Aug 9: Five political workers, including three ladies, were picked up by police from their houses during night or early morning hours under the Maintenance of Public Order Ordinance, and detained for two months each. Police sources confirmed "some arrests" but declined to give their names and number. However, according to MRD sources they are: Mr. Hazar Hussain Kyani, former Chief Whip of defunct PPP Parliamentary Party; Mr. Agha Nazrul Islam, a former Deputy Mayor of Rawalpindi; Mrs. Nusrat Niaz (Tekrik-i-Istiqlal); Mrs. Nusrat Rashid (PPP); and Mrs. Parveen Asghar (T.I.). [Text] [Karachi DAWN in English 10 Aug 83 p 12]

STUDENT LEADER'S RELATIVE ARRESTED--Lahore, Aug 10: The police raided the residence of Dr. Israr Shah, convener of the Students Wing of MRD, Punjab, at Qila Luchman Singh, Ravi Road, on Tuesday night, and took his aged father, Sayed Intezar Shah into custody. The police entered the house by scaling the outer wall and awoke the sister of Dr. Israr Shah who was sleeping in the courtyard. She changed hot words with the police following which the police took her father away with them. Syed Intezar Shah, 70, is a heart patient. [Text] [Karachi DAWN in English 11 Aug 83 p 4]

STUDENT UNION CRITICIZED--The Central President of National Students Federation, Mr. Salahuddin Gandapur, has criticised the proposed ban on students' unions in the country. Addressing a Press conference on Wednesday he said the NSF has already launched a campaign against the move. He said the students belonged to a sensitive section of society and the reported move to ban their unions was aimed at "taming" the students. His party would fully resist the move, he added. He also criticized the policies of the Government that deprived the people of their rights, resulted in price hike, increase in transport fares etc. He also criticised the MRD programme which he claimed was intended to exploit the people to serve the interest of the groups included in the MRD. [Text] [Karachi DAWN in English 11 Aug 83 p 8]

MUMTAZ BHUTTO FAVORS CONFEDERATION--Dadu, Aug 10: In view of failure of Presidential as well as Parliamentary system of Government in Pakistan, after the death of Quaid-i-Azam, the confederation system of Government can only keep the provinces united and make the country prosperous. This was stated by Mr. Mumtaz Ali Bhutto, while addressing the District Bar Association here on Wednesday. He said MRD has decided to completely boycott the Local Bodies elections and ballot boxes kept in such elections will be lifted without votes.

MAXIMUM EFFORTS FOR MANPOWER EXPORT--Islamabad, Aug 8: The Federal Minister for Labour, Manpower and Overseas Pakistanis, Mr Ghulam Dastgir Khan, has said that the Government would provide maximum facilities to ensure legal and smooth export of Pakistani manpower, as overseas Pakistanis' contribution towards strengthening the national economy is quite appreciable. This he stated while presiding over the 18th meeting of the Board of Directors and Overseas Employment Corporation here on Sunday. Appreciating the efforts made by OEC in promoting export of Pakistani manpower of various categories, the Federal Minister expressed the hope that endeavours would help building the Corporation's image inside and outside the country. He said although the fall in oil prices, Iraq-Iran war, and the Israeli invasion of Lebanon have had the adverse effects on the Corporation's trade, yet its efforts to restore the prestige and image and explore new avenues have paid rich dividends and the Corporation has gradually picked up. In this regard, he assured the OEC of maximum cooperation from the concerned Government agencies. The meeting decided to increase the annual target of the Corporation for the export of manpower. The meeting also approved the budget of the Corporation for the year 1983-84.--APP. [Text] [Karachi DAWN in English 9 Aug 83 p 10]

IJT STUDENT PROTEST CONTINUES--Lahore, Aug 12: For the second consecutive day, the Islami Jamiat-i-Tulaba staged a demonstration in front of martial Law Headquarters, raised slogans against Government, and blocked traffic at Faisal Chowk for few hours. The law-enforcing agencies, however did not stop the IJT members who had formed a protest procession at Masjid-i-Shuhada after Juma prayers. The IJT members repeated yesterday's exercise--they marched on The Mall, displayed placards inscribed with warnings to retaliate against any official decision to ban student unions. Later, the police sources confirmed that they had not arrested anyone as according to them "the demonstrations being carried out for the last two days, were peaceful." [Text] [Karache DAWN in English 13 Aug 83 p 4]

FOURTEEN LEADERS ARRESTED IN QUETTA--Quetta, Aug. 12: Fourteen political leaders and workers belonging to component parties of MRD, Baluchistan, were rounded up by the police here on Friday under MPO. They were later removed to District Jail and detained there. Among those arrested are Malik Gulam Sarwar Yasinzai, Convener of Baluchistan MRD, and provincial chief of defunct NDP; Mr. Khuda-i-Noor, chief of defunct Baluchistan Tehrik-i-Istaqlal; Mir Haji Tarian, Vice President of defunct provincial Tehrik-i-Istaqlal; Maulana Abdul Wahid, provincial Amir of Defunct JUI; Mr. Jamal Jomezai, Acting General Secretary of defunct Baluchistan PPP; Dr. Inayatullah Khan, General Secretary of defunct Baluchistan NDP; Mr. Anwar Durrani, Member of central executive committee of defunct Tehrik-i-Istaqlal; Hafiz Hussain Ahmad of defunct J.U.I; and Malik Usman Kassi; Arbab Abdul Qadir Kassi, Arbab Abdul Zahir Kassi and Mr. Abdul Salam Durrani of defunct Baluchistan NDP. Names of two other arrested persons could not be ascertained. [Text] [Karachi DAWN in English 13 Aug 83 p 12]

Referring to injustices with Sind province, Mr Mumtaz Bhutto said the construction of many dams on Indus river has made land in Sind barren, while the people of Karachi are unable to get drinking water. Earlier, he addressed Hari workers and urged them to make the MRD movement, starting on Aug 14, a success.--PPI [Text] [Karachi DAWN in English 11 Aug 83 p 12]

FOUR HELD FOR DISTRIBUTING PAMPHLET--Multan, Aug 10: Four persons were arrested here on Wednesday for distributing MRD pamphlets. They were identified as Ghulam Ai Sheikh, Raja Abdul Ghaffar, Ilyas Shirazi and Rao Abdul Lateef, Advocate. More arrests are expected. The police are busy in hectic search for a group to distribute copies of a cyclostyled pamphlet entitled "Lahore Chalo" in Multan area before start of the Independence Day celebrations. The police have already seized some copies of the pamphlet. Meanwhile, the circle of enquiry into the recovery of missiles from the house of a member of the defunct People's Party and a former Test cricketer Mr Aftab Gul of Lahore has been extended to Multan. It is stated that during the investigations a Toyota car has been found in Lahore which was registered in Multan. [Text] [Karachi DAWN in English 11 Aug 83 p 12]

FREE LEGAL AID FOR MRD--The Managing Committee, Karachi Bar Association (KBA) which met here on Wednesday decided to form a coordination committee to provide free legal aid to those arrested during the MRD movement. A KBA press release said more than 70 members of the Association have volunteered their services and members of the public are requested to contact the President, Vice President and General Secretary for legal aid during the movement. The meeting held under the chairmanship of Mr Abdul Hafeez Lakho, also decided to hoist national flag on Association's building on Aug 14 at 9.30 a.m. Later officer-bearers, members of Managing Committee and members of KBA will visit Mazar of Quaid-i-Azam and place a wreath.--PPI. [Text] [Karachi DAWN in English 12 Aug 83 p 19]

IJT MARCH IN LAHORE--Lahore, Aug 11: Members of Islami Jami'at-i-Tulba on Thursday marched in protest on the busiest road of Lahore--the Mall--raising slogans against the Government and expressing their anger on the reported move to put a ban on students unions in the country. The procession, led by Mr. Amir-ul-Azim, President of the Punjab University Students Union, went to the Martial Law Headquarters, Zone 'A', and was addressed there by the IJT leaders. In their speeches, the leaders of the IJT announced that if the Government would ban the student unions, the right and left wings of the students would join hands and so whatever they could to undo the decision. The police sources later said neither any case was registered against the members of the IJT nor any one was arrested. [Text] [Karachi DAWN in English 12 Aug 83 p 10]

WARRANT AGAINST JAM SADIQ--Additional District and Sessions Judge Agha Rafiq Ahmed Khan yesterday issued non-bailable warrants against exprovincial Minister Jam Sadiq Ali, ex-Home Secretary Government of Sind Mohammad Khan Junejo, and KDA driver Abdul Rahman Kennedy, charged with torturing and keeping in wrongful confinement former Federal Minister J. A. Rahim and his son in 1976. A letter has also been sent to (DIG) Deputy Inspector-General of the Police, Karachi, for production of all relevant police papers of the said case. [Text] [Karachi MORNING NEWS in English 12 Aug 83 p 3]

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